

**BUDGET EXECUTION**

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**VOLUME 5****BUDGET EXECUTION**0101 **GENERAL**010101. **Purpose.**

A. Volume 5, Budget Execution, consolidates current legal, regulatory, and administrative policies and procedures applicable to the National Aeronautics and Space Administration (NASA). This volume provides guidelines for allocating, managing, and controlling funds on a programmatic basis throughout the agency. This Volume is organized to provide easy reference to [Title 31 of the U.S. Code](#) pertaining to financial management, Office of Management and Budget regulations pertaining to budget execution, [OMB Circular No. A-11, Part, IV, Budget Execution](#) and internal NASA administrative policies and procedures.

B. NASA Budget Execution is carried out on several bases, the most important being: Obligation-based fund controls as prescribed by statute; and Full-Cost Budget Execution mandated by Federal government accounting standards. These dual bases are fully complementary and of equal importance to ensure both compliance with Federal laws and regulations pertaining to the application and control of financial resources, and the establishment of a financial framework to more effectively link financial and program results as mandated by the [Government Performance and Results Act of 1993](#).

010102. **Fund Control.** This volume prescribes policies and procedures for the execution of the budget and presents basic fund control principles and concepts by:

A. Establishing policies and procedures with regard to all funds under the administrative control of NASA;

B. Prescribing a system for positive administrative control of funds designed to restrict obligations and expenditures against each appropriation or fund to the amount available therein;

C. Assigning responsibility within the organization for over-obligation and over-disbursement of appropriations and apportionments subject to the provisions of the Anti-Deficiency Act, and non-compliance with non-statutory (administrative) restrictions and administrative controls established outside statute by the Congress;

D. Describing the flow of funds for budget execution to meet NASA's fund control objectives and associating those fund flows to related operating procedures.

E. Policies and procedures related to the potential need to report violations under the Act are provided in Volume 10, Anti-Deficiency Act.

010103. Full Cost Budgeting and Budget Execution on a full cost basis. NASA formulates and executes its budget on a full cost basis. This budget execution module provides numerous enhancements to the management of the agency including improved decision-making in support of NASA missions; improved identification of costs as direct, service, and indirect; improved ability to manage projects from a full cost perspective; improved understanding of program and project costs; program budgets based on full program/project costs; improved cost effectiveness and mission performance through the use of better information for plans, decisions, and disclosure; strengthened ties between NASA's missions, its programs and projects, and its budget requests; continued maximization of program content within constrained budgets; an effective tool for project managers to better manage; and improved business processes consistent and compliance with sound business practices.

For a detailed description of the methods of allocating and managing costs, Volume 7, Cost Accounting provides guidelines for distributing direct and indirect costs to NASA's programs. This volume will limit discussion of the application of full cost principles and their relationship to the more traditional organization-based fund control of budget execution, and the actions needed to effectively manage costs.

010104. Definition and Overview of the Budget Execution Process.

A. The Budget execution process is the application of all financial resources available to NASA missions and programs. The process requires the integration of nearly all government administrative functions and financial management disciplines whose effective collaboration and interaction are required to effectively carry out NASA's mission while meeting financial management responsibilities. The principle duties and responsibilities of senior managers and their organizations are provided below to summarize the interdependencies of program, financial and other administrative functions in executing NASA's budget.

B. The budget execution policies and procedures provided herein reflect the movement of NASA to a fully integrated financial management system (IFM) whose core accounting functionality places all financial resources in a single system under administrative and general ledger controls from which financial management information is obtained for decision-making.

C. The budget execution process for a specific fiscal year is iterative. This process begins in advance of the enactment of appropriations, and extends indefinitely beyond the period of prescribed availability for obligation until all potential expenditures from obligations actually incurred in that year are recorded and liquidated. In a given fiscal year, current appropriations available for specific time periods are being executed against each of NASA's three direct appropriations, two appropriations for

NASA's missions and missions support functions; and an appropriation for the expenses of the Office of the Inspector General. Appropriations are available for varying periods covering one, two, or three fiscal years. Further, portions of the total amounts appropriated for construction of facilities are available until fully expended (no-year appropriations). NASA also maintains a small number of trust funds that are available on an indefinite, no-year basis.

D. Congress established the NASA Working Capital Fund (WCF) on February 20, 2003, with enactment of the Fiscal Year 2003 Appropriation Act (P.L. 108-7). In fiscal year 2005, the fund is expected to commence operations that will consist of appropriated amounts transferred from NASA appropriations. These amounts advanced to the Fund are also available until expended.

E. Upon expiration of each appropriation with a finite period of availability, a five-year period is allowed under statute for the drawdown of appropriation balances to liquidate existing obligations. After this five-year period, appropriation accounts are cancelled and closed. Obligations or adjustments to obligations that would have been properly chargeable to a cancelled appropriation may be paid from an unexpired appropriation that is available for obligation for the same purpose as the canceled account. Thus, the budget execution process, or life cycle, for an appropriation made in a given fiscal year can extend well into the future.

F. This volume is organized to follow the budget execution process in a typical fiscal year,

1. Actions required prior to the start of the fiscal year,
2. Requirements that must be in place at the start of the fiscal year to initiate the obligation of funds,
3. Actions needed to adjust current year operating budgets,
4. Financial reporting and monitoring of NASA Internal Operating Plans,
5. Ongoing activities to maintain accurate and timely status of funds,
6. Year-end closing activities, and
7. Adjustments required after the close of the fiscal year.

G. While the organization of the volume implies a precise sequence of events, the events are not necessarily sequential, nor follow a consistent pattern from year to year due to variations in the timing and availability of appropriations, including variations in standard operations required under temporary funding authority (continuing

resolutions) before the enactment of appropriations for the full year.

## 0102 LEGAL AND ADMINISTRATIVE AUTHORITIES

### 010201. Statutory and Central Agency Regulatory Authorities.

A. Section 1514 of Title 31 of the U.S. Code requires the Administrator, as the head of NASA, subject to the approval of the Director of the Office of Management and Budget (OMB), to prescribe by regulation a system of administrative controls designed to restrict obligations and expenditures against each appropriation or fund to the amount of budget authority available therein. This Act also provides for reporting violations and for penalties. These requirements are supplemented by instructions contained in [OMB Circular No. A-11, Part IV, Appendix G](#).

B. The instructions contained in this Volume are consistent with and serve to implement the statutes and the OMB instructions listed below. These authorities-- referenced only broadly throughout the volume--are an integral part of these policies and procedures.

1. Title 31 [Sections 1341-1343, 1349-1351, 1511-1519](#), that [address parts of the](#) Anti-Deficiency Act as amended

2. [Title 31 Sections 1101, 1104-1108, 3324](#) that address parts of the Budget and Accounting Act, 1921, as amended);

3. [Title 31 Sections 1112, 1531-1536, 3511-3512, 3524](#) that address requirements of the Budget and Accounting Procedures Act of 1950);

4. [Title 31 Section 1501](#) that [addresses](#) requirements concerning the recording of obligations;

5. [Title 31 Sections 1551-1557](#) that [provide](#) definitions of budgetary terms in the U.S. Code

6. [OMB Bulletins](#) that provide guidance on operations and apportionments under continuing resolutions, and shutdown policies in the absence of funding authority

7. [The Treasury Financial Manual](#) that identifies Treasury Department Policies and Procedures related to government accounting

8. Federal Financial Management Improvement Act

010202. Scope of Policies. All appropriations or funds, regardless of their purpose or source, available for obligation and expenditure to NASA, whether

apportioned or un-apportioned, are subject to these requirements. Control of funds requires the exercise of procedural restraints to prevent the incurring of obligations and expenditures beyond established periods of availability, in excess of authorized amounts, or for other than authorized purposes. Administrative controls will be established at the highest practicable organizational level consistent with assigned responsibilities for carrying out mandated programs. These controls are initiated through the formal distribution of funds to the individual designated in writing to fulfill this responsibility and the subsequent issuance of funding authority to NASA operating officials. The general policies contained herein also apply to the extent applicable to funds transferred to other Federal agencies under specific legislative transfer authorities and funds transferred to other Federal agencies under the Economy Act.

### 0103 GENERAL ROLES AND RESPONSIBILITIES OF NASA SENIOR MANAGERS

#### 010301. NASA Administrator.

A. The Administrator is NASA's chief executive officer, and is accountable to the President and Congress for leading the Agency to achieve its Mission. The Administrator articulates the Agency's vision, sets its program and budget priorities and internal policies, and assesses Agency performance

B. The Administrator is responsible for the overall direction and responsibility for fiscal matters as the official to whom Congress appropriates funds for the agency's programs. The Administrator has delegated authority for the proper conduct of financial management throughout NASA, but relies on the Chief Financial Officer (CFO) to provide oversight, direction, and administrative control over all financial assets of the Agency. The NASA management structure is fully outlined in the [Strategic Management Handbook](#). The effective conduct in implementing the NASA budget requires cooperative and positive relationships and timely communications across all administrative disciplines and programs as follows:

#### 010302. Chief Financial Officer (CFO).

A. The CFO is the sole authority for establishing a system for the administrative control of funds throughout NASA that fully complies with Federal laws and regulations. In this capacity, the CFO carries out these statutory responsibilities in preparing apportionment requests to authorize the obligation of funds, receiving warrants from Treasury authorizing the expenditure of these and other funds, and providing a fund control framework.

B. The CFO also serves the Administrator in directing the financial operations and the dissemination of financial policies to provide timely, consistent, and reliable information for management decisions. In carrying out this role, the CFO ensures that the Agency's financial program provides the direction linking Strategic Plans

with budget and program operational plans in the budget implementation phase of the Federal financial cycle. In this role, the CFO is responsible for ensuring that accurate, timely, and complete financial information is reported through the Administrator to the Congress and the Office of Management and Budget. That information must also relate financial resources to program results as required by the Government Performance and Results Act. The CFO serves as the conduit for all financial information provided external entities to ensure consistency and accuracy with the Administrator's budget and program direction as prescribed in the roles and responsibilities contained in The Chief Financial Officers Act of 1990. The CFO also serves the Administrator as NASA's Procurement Executive responsible for the oversight of the procurement function and the issuance of procurement policies.

C. The CFO is also charged by the Administrator to develop, manage, and disseminate accurate and timely financial information throughout NASA to its Mission Directorates, Themes, and administrative functions that assists managers at all levels in meeting program objectives. In carrying out this critical function, the CFO will ensure the development of budget and accounting information on a full cost basis consistent with the Federal government's accounting requirements. Financial information produced in the budget execution phase of the fiscal cycle shall be fully consistent with the program and budget structure developed in the submission of the President's and Congressional budgets. The CFO shall provide throughout the fiscal year the necessary financial information for all programs and projects to assist managers at all levels in carrying out their dual fiscal and program responsibilities. The Office of the Chief Financial Officer entities delegated the authority and responsibility for carrying out the CFO's objectives are summarized in section 0104.

010303. Associate Administrators (AA's)--Mission Directorates/Mission Support Office Heads.

A. The Associate Administrators play a critical role in budget execution. The CFO has delegated responsibility to the AA's for the allocation of budgetary resources to programs and projects and related support functions.

B. Associate Administrators are authorized to approve the release of funding to programs and projects and other activities at summary levels. In carrying out this responsibility, Associate Administrator's are the officials that determine the consistency of their actions with the most recent Congressional Operating Plan (COP) and NASA Internal Operating Plan (IOP).

C. Associate Administrators are also responsible for monitoring the status of both financial and program performance in the course of a fiscal year and providing the Administrator with current and accurate assessments of both program and financial performance to guide management decision-making.

010304. Center Directors. Center Directors provide financial policy guidance to program/project managers and direct Center program capabilities in support

of mission objectives. In the full cost realm, the most critical function of the Center Director is the approval and allocation of institutional rates and costs to individual programs and projects. The Center Director is responsible for maintaining an equitable and rational allocation of Center Corporate costs to the individual programs and projects, including the assignment of costs directly to the programs/projects to the maximum extent feasible, and the allocation of indirect costs from service and facility pools.

010305. Service Pool Managers/Center G&A Managers. Service Pool managers and General and Administrative (G&A) Managers provide budget execution support by managing the allocations of costs of center activities to programs and projects, conducting periodic reviews of the costs of labor and physical plant to ensure an equitable distribution of Center institutional support charges, and to adjust rates to ensure the balance of total center costs with project cost allocations.

010306. Project Managers. Project Managers are responsible for managing tasks and projects using full cost principles and rules. As the basic “building block” in the NASA financial structure, the Project Manager plans, accounts for and reports on all costs, both direct and indirect, for the project. The Project Manager is also charged in the course of the fiscal year to determine the level of support and resource mix to deliver program results.

010307. Deputy Chief Acquisition Officer (DCAO). NASA’s Deputy Chief Acquisition Officer exercises authority and responsibility for acquiring the broad range of goods and services needed to carry out NASA’s mission. The procurement function is a critical driver in financial management due to the large percentage of NASA’s budget dedicated to contract services. The DCAO plays a major role in budget execution by:

A. Advising the Chief Financial Officer of NASA’s procurement plans and plan changes that impact nearly every aspect and component of NASA’s obligation planning.

B. Establishing and monitoring contractor reporting requirements that prescribe the reporting needed from contractors to implement full cost budgeting.

C. Establishing and monitoring contractor-reporting requirements that facilitate the accurate allocation of costs to NASA programs and projects.

010308. Office of Human Capital Management. The Office of Human Capital Management is responsible for coordinating workforce planning with financial planning. The Office of Human Capital Management is responsible for carrying out and conducting periodic reviews by comparing current human resources with the budgetary resources available for direct personnel and benefits (including Office of Personnel Management full time equivalency ceiling reports), identifying the relationship of current staffing patterns with employment ceiling and program requirements, and advising the CFO of potential issues that might arise within the current fiscal year. The CFO shall



advise the Office of Human Capital Management of major budgetary resource issues that would influence the strategies needed to acquire, retain, develop, and train the high quality workforce needed to carry out NASA's mission.

010309. Chief Information Officer. The Chief Information Officer is responsible for coordinating the development of NASA's Information Technology (IT) budget. Budget execution responsibilities include the establishment of a process to ensure that all NASA IT investments conform to that budget. The CFO shall assist the CIO in carrying out that responsibility by ensuring that accounting and related financial systems provide appropriate classifications and other means to monitor IT investments in the current year, and to provide current year data required to develop cross-cutting information to meet OMB budget submission requirement for information technology.

010310. Program Executive Officer (PEO) for the Integrated Financial Management Program (IFMP). The PEO leads the development of a fully integrated system for NASA's financial operations. NASA's long-term goal, is to provide all staff a systems environment that provides the most current and accurate financial data for decision-making. The integration efforts are aimed at linking budget formulation and execution in one systems framework to eliminate duplication of data entry, eliminate unnecessary validation steps between budget formulation and execution, reduce the need for redundant management controls, and link procurement and other management functions that impact the NASA budget. NASA shall maintain information systems fully compliant with systems and accounting standards provided in the [Federal Financial Management Improvement Act of 1996](#).

#### 0104 DELEGATIONS OF AUTHORITY AND RESPONSIBILITIES FOR FINANCIAL FUNCTIONS

010401. The Chief Financial Officer (CFO). The CFO is responsible for monitoring the processes for authorization, allocation, and control of resources to ensure that the processes are effective in satisfying applicable laws and regulations governing proper use of Agency resources to meet mission objectives. The CFO is also responsible for:

A. Providing Agency-level administration of Program/Project Operating Plans to develop an operating budget including the Congressional Operating Plan and Internal Operating Plans throughout the organization.

B. Maintaining Agency funds control through issuance of Resource Authority Warrants NF's 506(appropriation and trust fund resources), 506R (reimbursable sources).

C. Giving final signature approval on NF's 506 and 506R, Resources Authority Warrants, which are the official documents establishing resources authority to conduct the approved programs and projects. The CFO may designate an alternate

official to approve the Resources Authority Warrants, NF's 506 and 506R. Other delegations of authority for OCFO components are provided below.

D. The CFO shall ensure that feedback is provided through official channels to keep the Administrator and Executive staff fully and currently informed of significant actions, problems, or other matters of substance related to the exercise of authority delegated herein.

010402. Mission Directorate, Mission Support, and the Inspector General Offices are responsible for:

A. Preparation and submission of Internal Operating Plans (Program/Project Operating Plans) to the Office of the Chief Financial Officer, Resources Management Division.

B. Approving and maintaining the status of their operating budgets by initiating timely issuances of funding authorizations to Centers and Program Managers, including changes to operating plan; and

C. Monitoring the status of obligations and costs to the programs/projects.

010403. The Chief, Budget Execution Branch, Resources Management Division, Office of the Chief Financial Officer, is responsible for processing the approved Resource Authority Warrants (NF 506) issued to the Centers Directors and to the Director for Headquarters Operations.

010404. The Chief, Agency Accounting, Reporting, and Analysis Branch, Financial Management Division, is responsible for certifying the availability of authority issued to the Center Directors and to the Director for Headquarters Operations.

010405. NASA Center Directors and the Director for Headquarters Operations are responsible for ensuring that the resources authority (NF 506A and 506A-R) provided to their Headquarters and Center offices for each appropriation is used for approved programs, projects, and activities. They are also responsible for ensuring that obligations do not exceed the allotment authorization received by appropriation.

010406. Center Full Cost Advisory Boards are responsible for reviewing indirect cost budgets and rates before allocation to projects.

010407. Contract, grant, cooperative agreement, or other agreement officers are responsible for ensuring that applicable regulations are cited in any arrangement involving activities financed by NASA.

010408. All NASA Employees authorized to obligate funds are responsible for ensuring that all obligations are within the scope of their authority, consistent with

amounts in their custody, and consistent with the purposes for which funds have been appropriated.

#### 0105 FINANCIAL MANAGEMENT FUND CONTROL OBJECTIVES

101501. NASA operates a single system to meet five fund control requirements: three statutory controls, and two administrative controls to ensure that budgetary resources are allocated in a manner consistent with the priorities of the Administrator and the Congress.

##### 010502. Statutory Controls

A. Appropriation Controls required under provisions of the Anti-Deficiency Act that limit the obligation and expenditure of funds to amounts prescribed in Appropriations Acts and authorized through the apportionment of funds by the Office of Management and Budget (OMB);

B. Apportionment Controls required under the Anti-Deficiency Act to limit obligations and expenditures for total budgetary resources available to a Treasury Appropriation Account (TAS), including appropriated and non-appropriated fund sources (e.g. reimbursements from both Federal government and non-Federal government sources,) to the amounts apportioned by OMB. Apportionment controls and fund allocations may include restrictions on specific earmarks contained in the language in the NASA Appropriation Act (e.g. for entertainment expenses), or conditions set in NASA authorization bills. In some instances, appropriation language establishes mandatory spending requirement setting floors on amounts to be obligated for certain projects or activities.

C. Other Statutory Controls setting ceilings for certain obligations and expenditures; these special limitations and restrictions may be identified in government-wide legislation such as reconciliation bills under the Congressional Budget Act emanating from the congressional budget process, other Omnibus bills; or in government-wide provisions infrequently contained in the general provisions of the Transportation, Treasury, and Independent Agencies Appropriations Act.

##### 010503. Non-Statutory (Administrative) Controls:

A. Internal Operating Plan Controls are established to direct and manage the flow of funds, on both an obligations and a full cost basis, throughout the agency under NASA's Internal Operating Plans (IOPs);

B. Congressional Operating Plan Controls established at higher levels of program aggregation to meet the congressional requirements to submit a Congressional Operating Plan (COP) for the obligations incurred against appropriated amounts.

010504. Funds control Levels. To meet these five control objectives, individuals throughout the organization are accountable for the application of funds (their distribution, obligation, and expenditure) that flow to NASA's Mission Directorates, Functional Offices, Centers, programs, and projects. These fund flows represent four distinct levels of control and responsibility before obligations are requested by approving officials and formally entered into by authorizing officials. Figure 5-1 below depicts these levels. The levels of control and responsibility are individually described below.

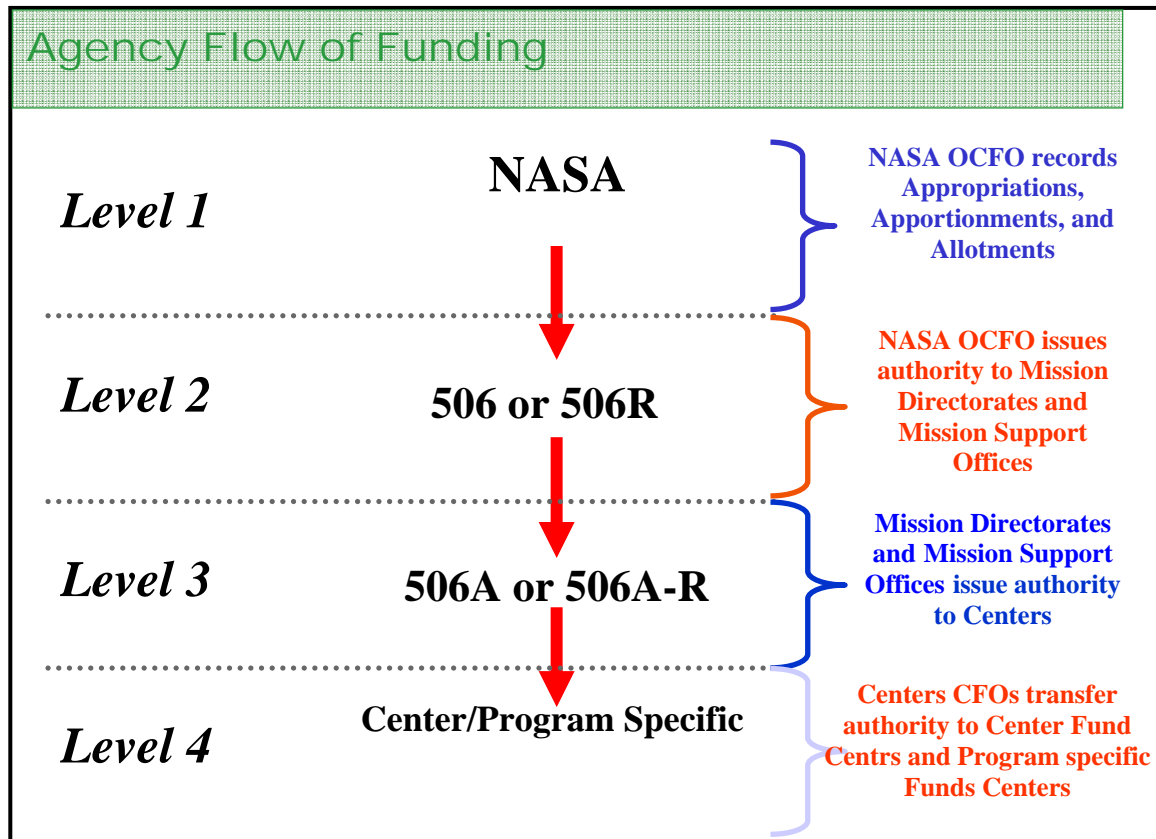


Figure 5-1 Agency Funds Flow

A. Level 1: The OCFO prepares apportionment requests to the Office of Management and Budget, signed by the CFO, establishing the total budgetary resources available to the organization, and providing amounts to be made available at summary program levels. The apportionment is fully consistent with the amounts and terms provided for in the Appropriation Act. The OCFO is responsible, regardless of the amounts apportioned for appropriations realized, for ensuring that amounts obligated against appropriations remain within the final amounts eventually appropriated for the entire year. Later actions in the current year by Congress or the Office of Management and Budget can reduce appropriated amounts anticipated through: rescissions of budget authority, later action on full-year appropriation acts from amounts anticipated while under Continuing Resolutions, or through the enactment of government-wide budget

reduction measures. Figure 5-2 depicts actions to Prepare and Receive the Apportionment.

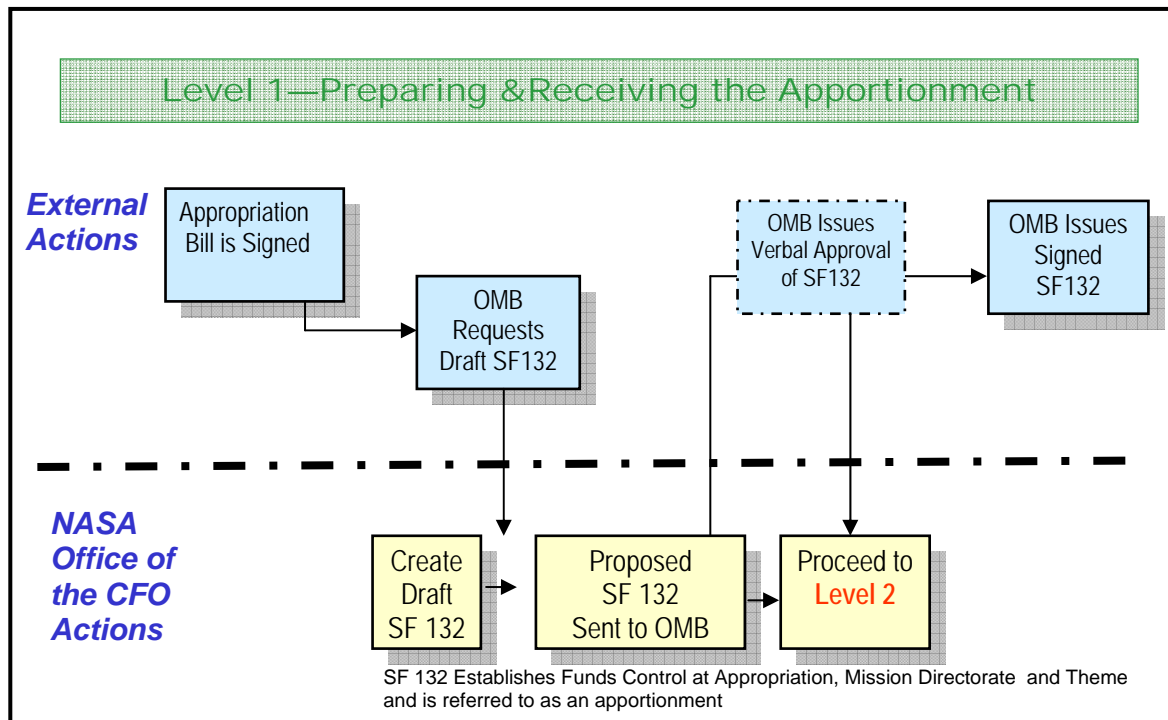


Figure 5-2, Preparing and Receiving the Apportionment

B. Level 2: The OCFO issues funding authority provided in the apportionment from all funding sources (appropriations, reimbursements, balances carried forward from prior fiscal years and adjustments in unexpired accounts) to Mission Directorates and Mission Support Offices. Reserves are established to meet contingencies, such as the development of implementation plans, to await later distribution of reimbursable authority when certain conditions are met by the reimbursing entity, and to set aside current year authority to meet unanticipated and unrecorded obligations in cancelled accounts. Resource Authority Warrants are issued separately for appropriated and reimbursable funding sources. Amounts allocated to lower levels may contain stipulations regarding limitations in funding that may be contained in the language of the annual appropriations act. These limitations are also subject to the provisions of the Act. Figure 5-3 depicts actions to issue allocations to Mission Directorates.

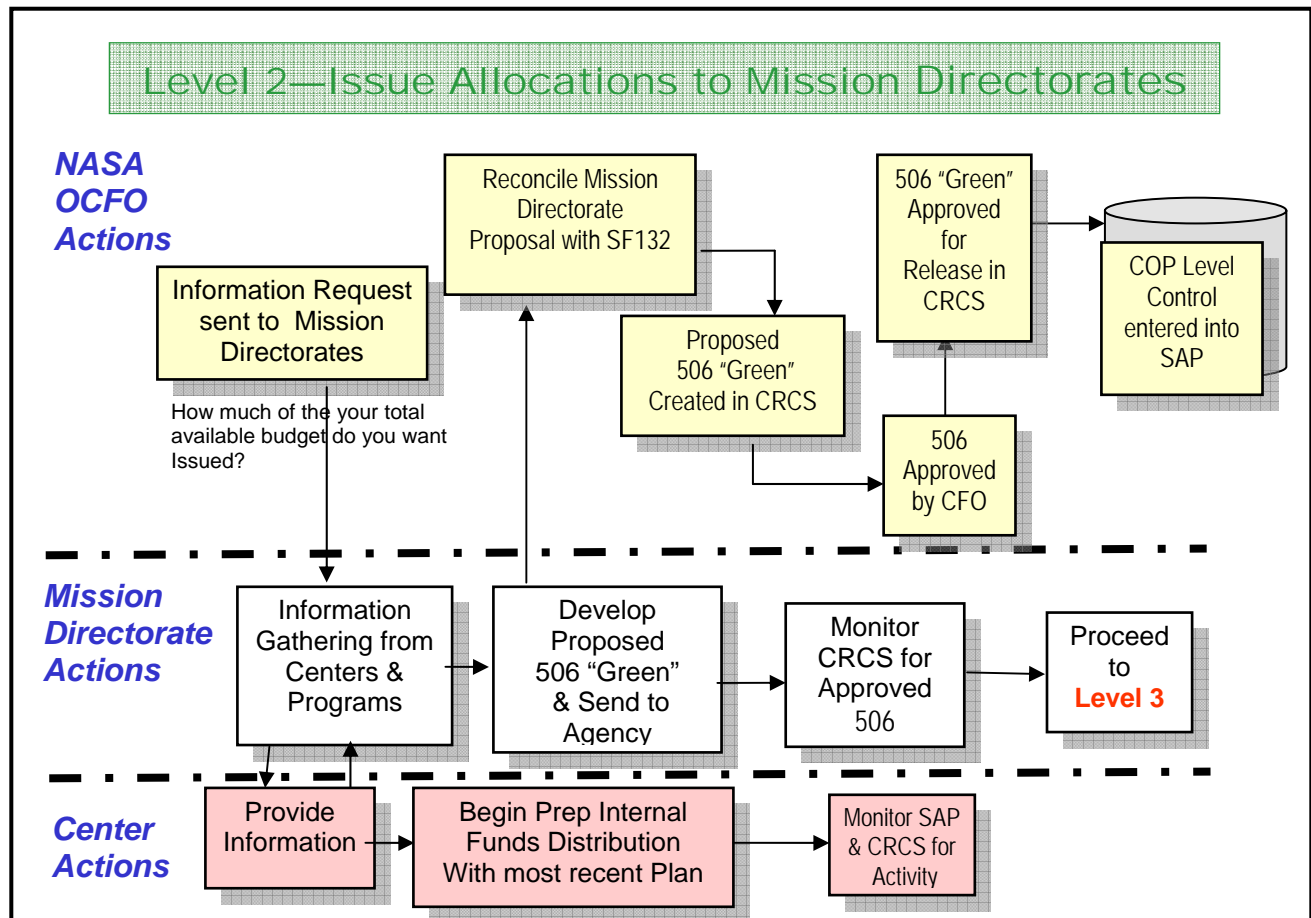


Figure 5-3, Issue Allocations to Missions

C. Level 3. Mission and Mission Support offices issue funding authority consistent with the amounts authorized by the OCFO to meet Headquarters requirements and the amounts designated in the Internal Operating Plan for the NASA Centers. Figure 5-4 depicts actions to issue fund center level controls to Centers.

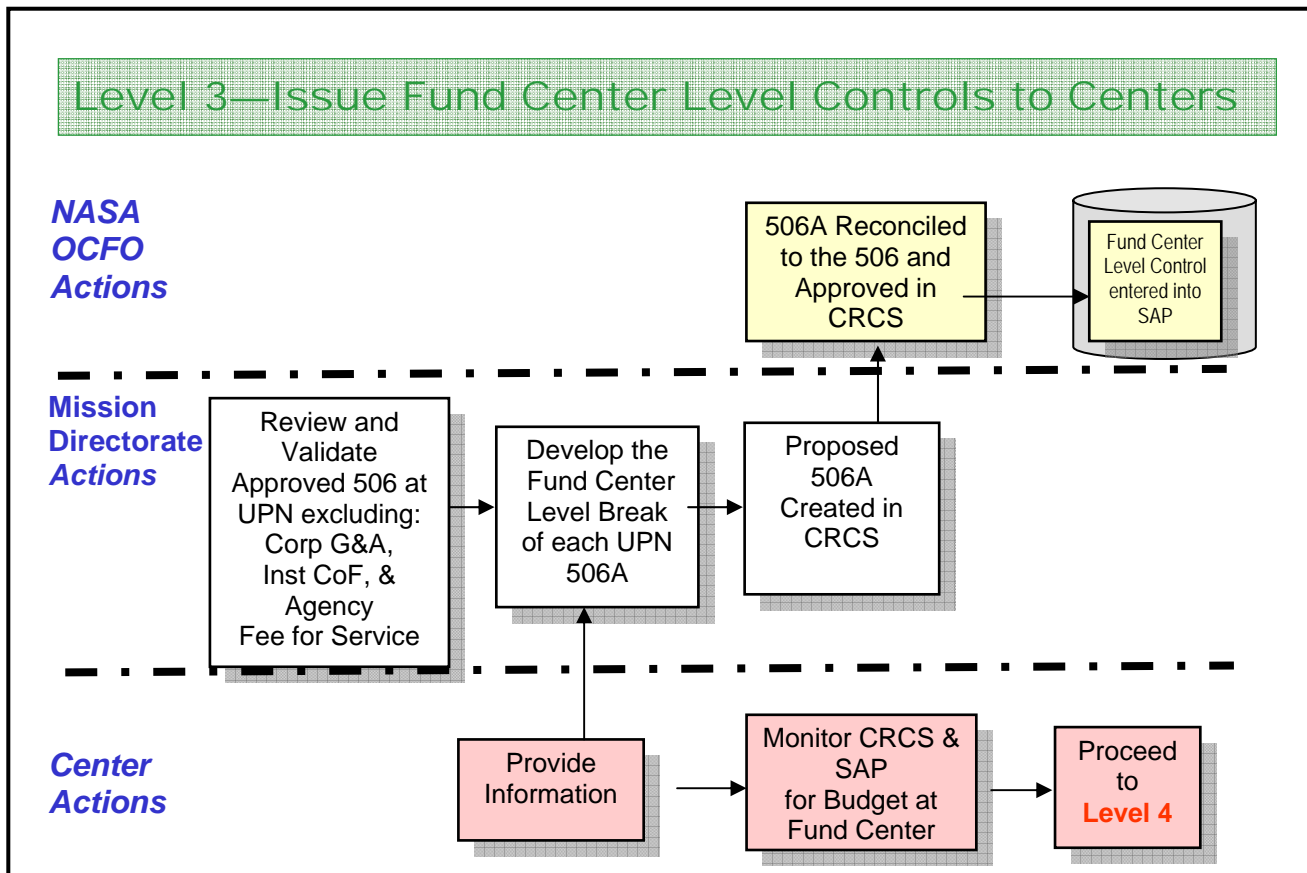


Figure 5-4, Issue Fund Center Controls to the Centers

D. Level 4. Centers allocate authority consistent with the Mission Directorate authorizations and the Internal Operating Plan to Center organizations, programs, and projects designated as office Fund Centers. Obligations are recorded against the availability of funds available for each Fund Center. Figure 5-5 depicts actions to issue funds to commitment items.

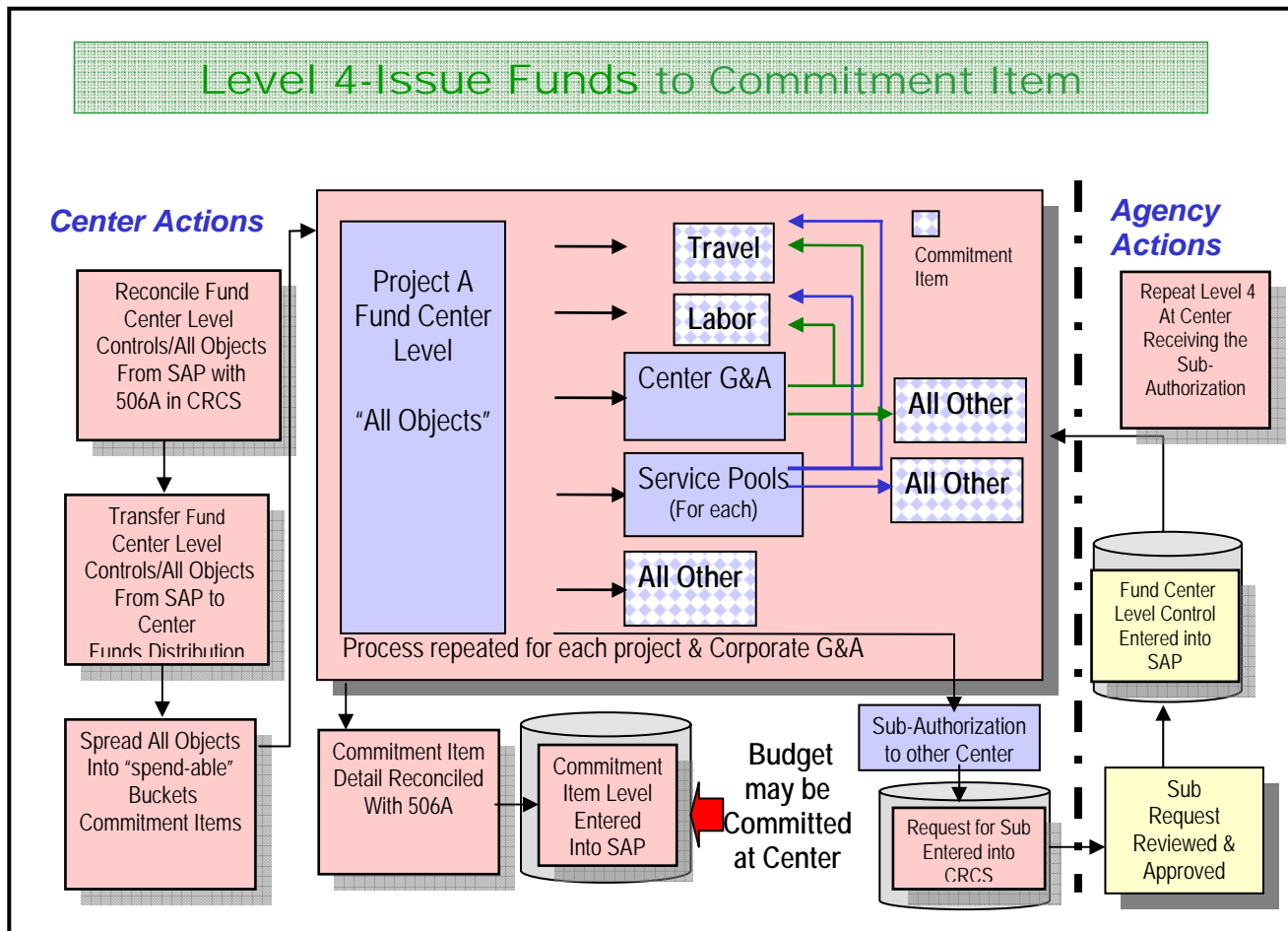


Figure 5-5, Issue Funds to Commitment Item

010505. Authorities and Responsibilities for Compliance with Statutory Controls

A. The Chief Financial Officer

1. The CFO is responsible for carrying out the provisions of [OMB Circular No. A-11, Part, IV, Budget Execution](#) to ensure their consistent application throughout the Agency. The Circular fulfills the President's responsibility under the Anti-Deficiency Act, through the Office of Management and Budget, to issue policies and procedures to Federal agencies for the control of appropriations and other budgetary resources. The highest level of budgetary control is carried out through the apportionment of funds for each appropriation and fund under the administrative control of an agency. Through delegation of authority from the Administrator to the Chief Financial Officer, the CFO, as the recipient of funds apportioned by the Office of Management and Budget, is the primary official responsible under Section 1517 of the Anti-Deficiency Act which provides that an official or employee of the U.S. Government may not make or authorize an expenditure or obligation in excess of the apportionment or



reapportionment or authorize or create an obligation or expenditure in excess of the amount permitted by the approved administrative control systems of the agency.

2. The Chief Financial Officer, as the sole official charged with the responsibilities under Section 1517 of the Anti-Deficiency Act, is directly responsible for violations of the requirement to ensure that amounts made available for obligation, at Level 1 of fund control, are limited to those under Appropriations Acts and other budgetary resources apportioned by the Office of Management and Budget. Reporting responsibilities, in the event of other potential violations of the act involving allocating, obligating or spending in excess of amounts available, fall upon responsible officials at lower levels of fund control. While the Administrator, through the Chief Financial Officer, is responsible for providing a report to the President and the Congress in the event of a violation, the preparation of the report and the designation of individuals responsible for the violation fall at the level of the violation as defined further in the fund flow process.

B. The Chief, Budget Execution Branch, Resources Management Division, Office of the Chief Financial Officer is the primary official responsible for ensuring Level 2 fund allocations to Mission Directorate and Mission Support entities are within the limits established in the apportionment for each Treasury Account Symbol (TAS). The Chief is authorized to exercise these and any further administrative controls:

1. With regard to appropriated amounts, reserves may be established to the extent that there are pending congressional or OMB actions to reduce the amount of funding in the current year. These reserves are not subject to the reporting provisions of Title X of the Impoundment Control Act since their sole purpose is not to limit the availability of funds for obligation. Rather, they are intended to keep pending decisions by the Congress viable until a final funding level is established in law.

2. With regard to reimbursable authority from Federal and non-Federal sources, the amount apportioned for use through the current apportionment period from any apportionment or fund includes unrealized reimbursements or other items of anticipated receipts, the apportioned amounts may be allocated for obligation below Level 2 of fund control, but accounting controls shall be maintained until there is reasonable assurance that the amount of such collections will be deposited to the credit of the appropriation involved. Such amounts may be limited to the actual receipt of funds, in the case of entities authorized to advance funds to NASA, or, in the case of entities where such advances are not authorized, (e.g. reimbursable agreements with other Federal agencies), to the receipt of a valid, binding work agreement.

C. Assistant Administrators for Mission Directorate/Mission Support Offices are responsible for controlling the flow of funds to NASA Centers, programs and projects to authorized levels. This responsibility requires the review and validation of approved Resource Authority Warrants (NF 506A's and NF 506R's) for their entity and the application of those resources, consistent with the agency Internal Operating Plan, to each Fund Center for each Unique Project Number (UPN). Level 3 responsibilities

require continual communications and monitoring between Center, Program, and Project Managers and Headquarters staff. The many adjustments to the operating plan require a well-defined system for communicating changes to funding levels to and from the Office of the Chief Financial Officer and Level 4 entities.

D. NASA Centers receiving funding authority make final distributions prior to the obligation of funds for travel, labor, Center General and Administrative Costs, and an All Other category of expense. Level 4 allocations are also made by the Mission Support Offices.

E. All NASA Employees Committing and Obligating Funds. Upon completion of the fund flow process, administrative control responsibilities fall upon all NASA employees given authority to request the obligation of funds (approving officials), and enter into the obligation itself (authorizing officials). No NASA official shall authorize or create any obligation or make any expenditure beyond the total amount allocated to that level or exceed any statutory limitation that modifies or restricts the availability of funds. Special or recurring statutory limitations on NASA funds are frequently imposed by the NASA Authorization or Appropriations Acts, or may be imposed by other legislation. Procedures shall be established within each organizational entity whose actions would lead to the obligation or expenditure of funds that:

1. Limit any further subdivision of funds to the amount provided and currently available.
2. Limit the obligation and expenditure of funds provided to the amount currently available at the time of the obligation or expenditure, enforce those limitations, and ensure that all personnel involved in administrative control and use of available funds are knowledgeable of such limitations.
3. Limit the obligation and expenditure of funds provided to the purposes authorized by type of fund or account.
4. Ensure that the obligation and expenditure of funds provide for a bona fide need of the period of availability of the fund or account.
5. Preclude acceptance and use of voluntary services, gifts, and donations except in accordance with specified provisions of law.
6. Ensure that all personnel, including the actual fund users, contracting personnel, and other personnel involved in administrative control and use of available funds, are fully aware of, and comply with, the requirements of the Anti-deficiency Act..
7. Ensure that decisions on the obligation of funds comply with the provisions of the Anti-deficiency Act by careful review and examination of the facts involved in advance of the decision.

8. Rigorously enforce compliance with all the provisions of the Anti-deficiency Act and other specific laws that limit the obligation and expenditure of funds.

9. Maintain internal control systems to ensure that:

a. All available funds are identified, controlled, and recorded in the official accounting records from the time received until subdivided to others or obligated and expended.

b. All available funds are identified with authorized purposes by account and period of availability for new obligations and for the period of availability for expenditure.

c. All special and recurring provisions and limitations on the obligation and expenditure of funds are identified and documented for all available funds and accounts.

d. All proposed obligations of funds are reviewed to ensure that sufficient funds are available to cover the obligation, that the purpose of the obligation is consistent with the authorized purposes of the fund or account, and that the obligation does not violate any special or recurring provisions and limitations on the incurrence of obligations.

10. Issue and maintain appropriate delegations of authority.

11. Ensure that amounts recorded in systems of record and reported to the U.S. Treasury are recorded accurately and posted to the correct appropriation account.

12. Review the existence of general and specific internal controls to establish segregation of duties designating the review and approval of both authorizing and approving officials prior to the obligation of funds.

13. Train personnel to educate them with the knowledge, skills, and abilities to perform the duties specified above.

010506. Violations of Statutory Controls. A report of any violation of administrative limitations placed on funds available for obligation and expenditure shall be made by any officer or employee of NASA having knowledge thereof to the CFO through the Director, Financial Management Division, NASA Headquarters. The reporting of the violation shall contain the information prescribed in Volume 10, Reporting Anti-Deficiency Violations.

010507. Authorities and Responsibilities for Non-Statutory (Administrative) Controls.

A. The NASA Internal Operating Plan forms the basis for building the annual budget request as discussed in Volume 4 of the Financial Management Requirement. The Congressional Operating Plan, consisting of aggregations of program and project detail in the Internal Operating Plan, serves as the basis for budget justifications provided to the Congressional Appropriations Committees. These plans, while not subject to statutory controls, establish a bridge between NASA, the Office of Management and Budget, and the Congress. The plans represent the intended application of funds to be appropriated for the budget year. Consequently, NASA's fund controls in support of the plans serve as the basis of trust—and credibility—in representing management's intended application of financial resources to NASA's mission.

B. NASA's recent adoption of Full Cost Budgeting, for both formulation and execution phases, will provide a more complete representation of the resources requirements to meet NASA's mission. The Full Cost model provides for the allocation of costs from obligations incurred at NASA Headquarters and Centers to the NASA programs and projects. This relationship of obligations to costs within the levels of fund control is provided in Section 0107.

010508. Annual Report of Evaluation. The Office of the Chief Financial Officer shall annually conduct an evaluation of its fund control processes.

A. The evaluation shall address actions taken to:

1. Improve compliance with both the statutory and Administrative Controls identified herein.

2. Improve the effectiveness of and compliance with internal controls over NASA funds.

3. Identify financial systems improvements and changes to administrative procedures to implement corrective actions addressing internal control weaknesses, inefficiencies, and deficiencies identified in the evaluation.

B. The Chief Financial Officer shall review the evaluation reports and provide corrective action plans to NASA component organizations affected.

0106 POLICIES AND PROCEDURES FOR THE RECORDING OF FINANCIAL TRANSACTIONS

010601. General Policies on the Recording of Obligations and Expenditures. When obligations or expenditures are incurred, an amount shall be recorded in the official accounting records when supported by documenting evidence of

the occurrence of the event. An oral order or agreement shall be formalized in writing or conform to prescribed electronic standards in order to provide proper support and an audit trail for an obligation. Oral orders executed in this manner without a formal commitment of funds present a risk of violating the Anti-deficiency Act, should be promptly documented, and avoided to the maximum extent possible. In the event of an emergency situation, oral orders shall be conveyed to a contractor, supplier, grantee, or other service provider by an appropriate authorizing official. Particular attention should be made to major procurement actions. Contractor performance/cost reports shall be promptly entered into the accounting system, and monitored to ensure that costs reported do not exceed obligations. In those situations in which costs exceed obligations, a review of the circumstances shall be made promptly and corrective actions taken.

A. Once incurred, all obligations and expenditures shall be recorded, accurately and promptly, as of the date incurred even if recordation results in amounts above fund availability. The accounting system shall provide the capability to record the transaction by placing it in a suspense status pending review and corrective actions. A violation resulting from an amount is caused by the actions of the individual(s) who caused or created the obligation. The recording of the obligation in the accounting system meets the fundamental requirement for the prompt recordation of all obligations, whether or not funding authority exists at the level of violation or at higher levels.

B. Adjustments in obligations may consist of recording changes to obligation amounts that existed in a prior period that may or may not have been identified and recorded during that period. If an adjustment causes total obligations for a prior period, after consideration of all known valid obligations and de-obligations, to exceed the amount that was available for obligation for that prior period, a potential violation of subsections 1341(a) or 1517(a), or both, of Title 31, United States Code, may have occurred.

C. A within-scope contract adjustment is properly chargeable to the funds that funded the original contract. Such adjustment must be charged to those funds even if sufficient funds are not available. If sufficient funds are not available, a potential violation may have occurred pending a prompt review of the matter.

D. An increase-in-scope adjustment to a contract is properly chargeable to funds currently available at the time the change was made.

010602. Policies on the Recording and Reporting of Commitments. Commitments are administrative reservations of allotments and resources authority based on approved requisitions, procurement requests, authorization to execute contracts, or other written evidence which authorizes the creation of obligations without further recourse to the official responsible for certifying the availability of the allotment and resources authority. Commitments are the sum of un-obligated commitments and obligations incurred; that is, the cumulative amount of commitments incurred including adjustments to previously recorded commitments. These provisions apply to recording and reporting commitments under all appropriations available to NASA for which

commitment accounting is prescribed.

A. The effective management of financial resources requires data available on commitments, the authorizations issued to incur obligations. Commitment data, including information on obligations actually incurred is necessary to know the balance of allotments and resources authority available to finance further program accomplishment. It is also desirable that financial reports to all levels provide full information on the status of available resources authority in terms of uncommitted as well as un-obligated balances. These data are necessary for management to evaluate monthly financial progress in carrying out programmed procurement activities. They are also helpful in the review and justification of budgets, apportionment requests, reprogramming actions and financial plans; and in the administration of funding programs.

B. Commitments shall be recorded and certified in accordance with the provisions of this chapter. Since commitments are authorizations to incur obligations, the basic principles applicable to recording valid obligations are equally applicable to recording commitments. Therefore, commitments shall be incurred only for those proposed contracts to be entered into or orders to be placed for goods or services, which shall be executed with a bona fide intent that the contractor, or other performing activity, commence work and perform the contract without unnecessary delay.

C. Commitments shall be recorded promptly against allotments and other subdivisions of funds. In addition, commitments shall be recorded against the available and applicable resources authorization. Recorded commitments shall be adjusted promptly upon occurrence of any transaction which increases or decreases such commitments.

D. Availability of allotments and other resources authority shall be determined before a commitment is incurred or a change is made which increases the amount of the original commitment. A completed procurement request, certifying that funds are available, shall be required prior to committing the Government to contract for products or services.

E. Commitment accounts and documents shall be maintained in accounting offices. Center Chief Financial Officers are responsible for establishing procedures to ensure prompt receipt and control of documentary evidence to support commitments. When necessary documentation is not promptly received, aggressive action shall be initiated to obtain it.

F. Commitments shall not be incurred in excess of available resources authorization at the level specified by the granting authority. Creation of commitments in excess of available resources authorization does not by itself necessarily constitute a violation of 31 USC 1341; however, creation of commitments in excess of available resources authorization may be subject to administrative discipline.

G. Commitments shall be recorded only on the basis of appropriate documentary evidence consisting of firm requisitions, procurement requests, authorizations to issue orders, or other authorized written evidence signed by authorized persons, having the effect of firm orders, or authorizations, to enter into specific contracts or other obligations. The commitment document shall include the specific amount of the Commitment, the signature of the fund certifying official and the date the document was certified. Acceptable evidence of the existence of a commitment must meet all of the following criteria:

1. Be in writing;
2. Embody a certification by an accounting, financial management, or other authorized fund certifying official that sufficient funds are available to cover the obligation which is intended to follow
3. Authorize incurrence of an obligation without further approval by or recourse to the fund certifying official;
4. Be released by the fund certifying official (i.e., pass from his or her control to the procurement officer or other authorized person for the purpose of incurring an obligation against NASA funds.

H. Written evidence that a valid commitment document exists is acceptable until a copy of the prescribed copy of the actual document is obtained. Written evidence may be a letter, facsimile, email, other written communication, or a record of a telephone conversation signed by the individual certifying the availability of resources authority. Information must be included to support a determination that a valid recordable commitment exists. While specific details may vary, the following information should be included:

1. Number, date and type of commitment document
2. Actual or estimated amount of the obligation to be incurred
3. Quantity and brief description of supplies or services being procured
4. Complete accounting classification
5. Statement that certification of fund availability was made

I. Anticipated obligations reflected in an approved program, financial operating plan, or operating budget are not commitments until ratified by specific requisitions, purchase requests, or directives requiring commencement or procurement actions. Similarly, a commitment is not created and may not be recorded if the authorizing document indicates it is for planning purposes and the fund certifying official

has not certified funds availability.

J. NASA FAR Supplement, Chapter 18, Subpart 1804.7301 requires that there be a certification of fund availability before an obligation is incurred. A variety of documents are used to inscribe an accounting certification that indicates availability of funds. These documents, if they meet the criteria of this chapter, are valid support for recording commitments. The amount to be recorded as a commitment initially is the amount for which fund availability has been certified and is based on the cost estimate set forth in the commitment document.

K. Generally, in a simple procurement action the maximum amount of the obligation to be incurred appears on the commitment document (e.g., procurement request) and is the amount to be recorded as a commitment. When the exact amount of the related obligation is known (i.e., by receipt of the obligating document), the obligation is recorded and the balance of unobligated commitments is reduced. However, in a more complicated type of contract, such as one authorizing variations in the quantity to be delivered, there may continue to be a requirement for a commitment in excess of the obligation.

L. A commitment for a proposed firm fixed-price contract, purchase order, or other proposed fixed-price agreement shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the unobligated commitment shall be reduced by the amount of the obligation.

M. A commitment for a fixed-price contracts with economic price adjustment, incentive provisions and prospective or retroactive price re-determination (see FAR 16.203-206) shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. After the contract is executed, that portion of the ceiling or maximum price stated in the contract which does not constitute an obligation remains a commitment to the extent that there is a reasonable anticipation that an additional obligation will ultimately be incurred. The amount of such commitment need not be the maximum or ceiling price stated in the contract, but shall be the amount which may be conservatively estimated to be sufficient to cover the additional obligation which will materialize, based on judgment and experience, allowing for contingencies of price revision downward.

N. For purposes of estimating and recording, commitment records may treat estimates covering price and quantity variances for several outstanding contracts under the same allotment as a single commitment item. This avoids detailed recordkeeping for each commitment under each individual outstanding contract. Such records, if utilized, must be maintained in a manner that will facilitate audit.

O. For Cost-reimbursable, Time-and-Materials, Labor-Hour, and Letter Contracts, a commitment shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the



related obligating document, the balance of unobligated commitments shall be reduced by the amount of the obligation. In the case of an incrementally funded contract, the amount of fund availability certified and committed shall be the increment of the contract to be funded by the contemplated contractual document.

P. For definite and indefinite quantity contracts, requirements contracts, and basic ordering agreements (see FAR 16.501-504 and 16.7), commitments shall be recorded under these contracts or agreements (when items, prices, or quantities are not specified, but are to be the subject of subsequent orders) as follows:

1. If the contract indicates the funds to be charged and if the incurrence of the obligation is authorized without further recourse to a fund-certifying official, a commitment shall be recorded in the estimated amount of the obligation eventually to be incurred under the contract. The amount of the estimate may be set forth specifically in the contract or in the related procurement directive or purchase request which bears the certification of fund availability. The requirement for an authorization to incur an obligation will be satisfied if the contract or other authorizing document provides authority to incur an obligation, or an authorization to issue the authority to incur an obligation. Commitments initially recorded under provisions of this subparagraph shall be reviewed at frequent intervals. If a retarded rate of obligation under the contract results in excessive unobligated commitments, the OCFO shall request appropriate officials to reevaluate requirements under the contract with a view to authorizing an adjustment to be made in the amount committed.

2. If a reasonably firm estimate of requirements under the contract is not established as evidenced by a certification of fund availability or contractual provisions, or there is a specific contractual provision which precludes such recording, a commitment shall be recorded only upon issuance of an appropriate authorization to order specific items and quantities. For example, if the contract merely provides that required quantities will be ordered from a specified contractor when and if needed, a commitment shall not be recorded in excess of any stated minimum order until funds are certified on the purchase request relating to a specific order.

Q. If it is anticipated at the time the contract is executed that accepted deliveries may exceed the quantity specified in the agreement, a commitment balance shall be retained for the amount of such anticipated excess deliveries (see FAR 12.401-403). The amount to remain as a commitment shall be based on judgment and will not necessarily be equal to the amount of the maximum allowable deliveries.

R. When the executed contract provides for subsequent "provisioning" (i.e., identifying and ordering the specific parts at a later date), the estimated cost established in the contract clause (although not an obligation until specifically defined) shall be retained in the records as an unobligated commitment (see FAR 52.2).

S. An authorization to amend or modify a non-incrementally funded

contract shall be recorded as a commitment at the time of certification of fund availability in the amount of the estimated cost of such amendment or modification. Where the authorization is to amend or modify an incrementally funded contract, only those amendments or modifications which add funds in addition to the previously funded increment shall be certified for fund availability and committed. The commitment recorded shall be in the amount of the additional funding.

T. A copy of all instructions issued by Centers in implementation of these provisions will be forwarded to the Director, Financial Management Division, NASA Headquarters.

010603. General Criteria for Recording and Reporting Obligations. This section establishes prerequisites for recording and reporting obligations (OMB Circular No. A-11, Part 4, Sections 121 and 130). Obligations (OMB Circular No. A-11, Part 1, Section 20). Obligations represent and are supported by a legally binding agreement that will result in the expenditure of funds immediately or in the future. A bona fide need must exist during a given period that complies with applicable laws and regulations, and must be able to support the amounts reported by the documentary evidence required by 31 U.S.C. 1501.

A. Obligations shall be recorded in accordance with the provisions of these requirements. In recording obligations, the following principles apply:

1. Contracts entered into or orders placed for goods or services shall be executed only with a bona fide intent that the contractor or other performing activity commence work and perform the contract without unnecessary delay.

2. The balance of an appropriation limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly executed within that period of availability.

3. A provision of law requiring that the balance of an appropriation or fund be returned to the general fund of the Treasury at the end of a definite period does not affect the status of lawsuits or rights of action against that balance.

4. Goods or services required pursuant to contracts entered into or orders placed obligating a one-year appropriation must serve a bona fide need existing in that fiscal year, unless an exception is specifically authorized by law. NASA's one year appropriation authorizes a period of performance that may be provided during the next fiscal year for contracts for training, investigations, costs associated with personnel relocation and other services.

5. A multi-year appropriation for goods or services required pursuant to contracts entered into or orders placed is available for a definite period in

excess of one fiscal year. Except for the extended period of availability, multi-year appropriations are subject to the same principles applicable to annual appropriations.

6. A no-year appropriation for goods or services required pursuant to contracts entered into or orders placed is available without fiscal year limitations. All statutory time limits as to when the funds may be obligated and expended are removed, and the funds remain available for these original purposes until expended.

B. The fund availability shall be determined before an obligation is incurred and before a change is made to a contract, purchase order, or other document, which increases the amount of the original obligation. The fund availability in the projects expected to derive benefits is required for cost pools. In certain cases, however, determination of the fund availability for each transaction prior to the release of obligating documents may not be practicable (e.g., the issuance of numerous minor purchase requests by authorized persons located considerable distances from financial management offices). In these instances, special procedures may be established to meet the particular local requirement provided such procedures include adequate safeguards to ensure the availability of funds to cover the transactions. A copy of any special procedures developed shall be furnished to the Director, Financial Management Division, NASA Headquarters for approval.

C. Once incurred, an obligation shall be recorded promptly against the applicable fund availability.

D. Recorded obligations shall be adjusted for increases or decreases upon receipt of supporting documentary evidence, such as a paid voucher upon which a discount has been taken. An obligation, which is established and liquidated simultaneously by a disbursement, shall be recorded in the same manner as an obligation, which is recorded prior to disbursement.

E. A contingent liability is not recordable as an obligation under the provisions of this chapter. (See subsection below for recording a liability under pending litigation.)

F. Center Chief Financial Officers shall establish procedures which will ensure prompt receipt and control of documentary evidence to support obligations when complete documentation is not received promptly. Aggressive action shall be initiated to obtain such documentation.

G. No amount may be recorded as an obligation unless supported by documentary evidence of:

1. A binding agreement in writing between the parties, including Government agencies, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation concerned, for specific goods to be delivered, real property to be purchased

or leased, or work or services to be performed;

2. A valid loan agreement, showing the amount of the loan to be made and the terms of repayment;

3. An order required by law to be placed with a Government agency;

4. An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or within specific monetary limitations;

5. A grant or subsidy payable from appropriations made for payment of or contributions toward sums required to be paid in specific amounts fixed by law or in accord with a formula prescribed by law, or pursuant to agreement authorized by, or plans approved in accordance with and authorized by law;

6. A liability which may result from pending litigation brought under authority of law;

7. Employment or services of persons or expenses of travel in accordance with law, and services performed by public utilities; and

8. Any other legal liability of the United States against an appropriation legally available for that purpose.

H. The amount evidenced by a contractual document is not recordable as an obligation until the document is:

1. Signed by the contractor or other performing agency when required (which may include electronic signature);

2. Signed by an authorized representative of NASA;

3. Approved administratively when required; and

4. Mailed or otherwise delivered to the contractor or other performing agency.

I. The date of mailing or other delivery of the contract determines the date the obligation is incurred. For recording purposes, except at the end of the fiscal year, delivery may be assumed to have occurred on the date of the last required signature.

J. "Mailed or otherwise delivered", means the documents have been placed in United States (or other Government) official postal channels, placed with a publicly recognized messenger service, or handed to the recipient. Placing documents in

administrative services' mail or messenger channels is not sufficient. Special postal arrangements may be necessary to ensure that obligating documents processed at fiscal year-end are deposited in official mail channels before the close of the fiscal year.

K. An amount is not recordable as an obligation when supported only by a verbal order or agreement. A verbal order or agreement must be documented in writing and conform to the applicable provisions of this chapter before the obligation may be recorded. If goods are received and accepted, the receiving report may be used as the documentary evidence for recording the obligation up to the amount of such delivery.

L. The provisions of the document and the nature of the transaction involved must be carefully considered in determining when an obligation has been incurred and in what amount.

M. A procurement directive, obligation authority, administrative commitment document, citation-of-funds, or other document, which serves only to administratively reserve funds for specific use, does not constitute documentary evidence of an obligation.

N. A contractual document with provision for a cash discount to be taken for payment within a specified time shall initially be recorded as an obligation in the gross amount rather than at the net amount after deducting the anticipated discount.

O. The value of a contractual document with specific provisions for termination prior to performance without cost or liability to the Government is not recordable as an obligation until after the Government's right to terminate can no longer be exercised. The obligation is incurred at the time the Government can no longer cancel the contract without incurring a liability.

P. Certain contractual documents provide that performance will begin only upon the occurrence of a future event. If the event is uncertain (e.g., enactment of the appropriation for a subsequent fiscal year), the obligation cannot be recorded until the actual occurrence of the event that causes the agreement to be binding. If the future event is certain (e.g., issuance of a notice to proceed to begin work on an already existing contract), the obligation will be recorded at the time the contract is executed, not when the notice to proceed is issued.

Q. The dollar amount of an obligation to be recorded for a contractual document payable in foreign currency shall be computed on the basis of the lowest available legal exchange rate on the date the contract is executed, unless the terms of the contract provide for the use of a different exchange rate. If there is a reasonable basis for expecting a change in the legal rate of exchange or if a change in the rate subsequently takes place, the obligation shall be based on the rate anticipated being in effect when payments are to be made under the contract. The obligation shall be reviewed quarterly and adjusted in accordance with current rate information.

R. A signed, reproduced or certified true or confirmed copy of the document obligating NASA shall be retained in accounting files to support the obligation. Where purchase orders or other documents are prepared on a reproducible master, the reproduced signature is acceptable. Each signed or reproduced copy of the signed contract or modification intended to have the same force and effect, as the signed original shall be marked "Duplicate Original."

S.. When supplies are ordered utilizing automated procedures, the recording of the obligation may be based on a signed summary printout of the documents, provided other applicable requirements of this chapter are met. The printout shall be in auditable form, verified for correctness, and approved by an authorized individual.

T. When, after proper authorization, an obligation is executed by a Center for another Center, which is responsible for accounting for the obligation, the performing Center shall provide the necessary documentation to the financial management office of the accounting Center in a timely manner so that the transaction can be promptly recorded.

U. Written evidence that a valid obligating document exists is acceptable until a copy of the document as prescribed in subparagraph I. above is received. In such cases, immediate action shall be taken to obtain the required copy of the actual document. The actual obligating document should be in the possession of the certifying officer prior to payment. In any event, the document shall be in the possession of the Chief Financial Officer prior to submission of the "Certification of Obligations", as of September 30. Written evidence that the obligating document exists may be a letter, facsimile, email, or other written communication from the individual having physical possession of the valid obligating document, or a record of a telephone conversation with the person, signed by the individual receiving the communication. Information must be included to support a determination that a valid recordable obligation does exist. While specific details may vary, the following information should be included:

1. Number and type of obligating document
2. Date of the last required signature on the obligating document
3. Contractor's name and address
4. Amount of the obligation
5. Quantity and description of the supplies or services being procured
6. Complete accounting classification
7. Statement that all required signatures have been obtained

and delivery or mailing of the document accomplished

010604. Obligations for Contracts

A. An obligation shall be recorded for Firm-Fixed Price and Level of Effort Term Contracts when the contract is executed for the total amount stated.

B. Under fixed-price contracts with economic price adjustments, prospective or retroactive price re-determinations or incentive provisions, an obligation shall be recorded when the contract is executed for the amount of the fixed price stated in the contract or the target price when the contract includes an incentive clause, even if the contract contains a ceiling price in a larger amount. The amount recorded shall be increased or decreased by amounts provided in contract amendments.

C. Cost-reimbursement contracts include cost-no fee, cost sharing, cost-plus-incentive fee, cost-plus-award-fee, and cost-plus-fixed-fee contracts. An obligation shall be recorded when the contract is executed for the amount of the total estimated cost or payment, but not in excess of the stated maximum liability (e.g., limitations on the Government's liability in a cost limitation or incremental funding clause), including fixed fee in the case of a cost-plus-fixed-fee contract, target fee in the case of a cost plus- incentive-fee contract, and base fee plus an amount for award fee not in excess of the stated maximum fee in the case of a cost-plus-award-fee contract. The amount recorded shall be increased or decreased by amounts provided by contract amendments, or a unilateral revision of an award fee estimate made by the contracting office. Any fee awarded in excess of the target fee in a cost-plus-incentive-fee contract shall be recorded as an obligation at the time the determination to award the larger fee is mailed or otherwise delivered to the contractor. The amount of the obligation established for a cost-plus-award-fee contract shall be adjusted at the time the actual award is determined and the contractor notified. In any of these cases, if the contract is incrementally funded, the amount obligated shall always be the funded increments.

D. Indefinite-delivery type contracts include definite and indefinite quantity and requirements contracts. Where the quantity required under a contract is indefinite, the ultimate amount of the obligation is determined by subsequent orders; the amount of any required minimum order specified in the contract, however, shall be recorded as an obligation upon execution of the contract. An order in excess of the required minimum which does not have to be accepted by the contractor under the terms of the agreement and which is placed within the time period specified shall be recorded as an obligation when issued in the amount of the price stated in the order. An order in excess of the required minimum, which has to be accepted by the contractor under the terms of the agreement, shall be recorded as an obligation upon acceptance of the order in the amount of the agreed price. In the case of services, written evidence may be a consolidated periodic (at least monthly) listing of work orders issued to the contractor showing the estimated dollar amount of each.

E. When Contracts specify variations in quantities, regardless of the

variation permitted, an obligation shall be recorded when the contract is executed for the price of the quantity specified for delivery. The amount so recorded may be increased or decreased to reflect the quantity actually delivered and accepted.

F. A time-and-material contract provides for acquiring supplies or services on the basis of direct labor hours at fixed rates (i.e. wages, overhead, general and administrative expenses) and materials at cost. A labor-hour contract is a variation of the time-and material contract, except that the contractor does not supply materials. An obligation is recorded when the contract is executed for the amount of the total estimated cost or payment. The use of a letter contract requires advance Headquarters authorization. If authorized, the letter contract is signed by the contracting officer and mailed to the contractor for acceptance. The obligation is incurred for a letter contract when the contractor accepts NASA's offer by signing the contract and then mailing or otherwise delivering that acceptance to NASA. The obligations shall be recorded in the maximum amount for which the Government will be liable.

G. A contract for an end item may contain a clause, which requires the selection, at a later date, of specific initial support requirements to maintain the end item during the initial phase. Contract items which require selection at a later date, ("definitization" or "provisioning") include spare parts, special tools, test and ground handling equipment, and training aids. The obligation for such provisioned items shall be recorded when evidenced by one of the following documents:

1. An exhibit setting forth the identity, quantity, and price of the items incorporated in the contract.

2. A signed provisioning order incorporating by reference the approved list, e.g., a production list, design change list, written order of items, etc., which sets forth the identity and quantity of the provisioned items ordered from the contractor pending incorporation in the contract. The provisioning order must state what constitutes final approval of the work to be performed or goods to be delivered. The amount obligated shall be the total estimated cost of listed items.

H. After bids are publicly opened, a notice of award is issued followed by the formal award. A notice of award may be a letter, telegram etc., which documents acceptance by NASA of the offer. If the offer (including any other document incorporated by reference) sets forth the terms which otherwise would be required in a formal contract, the offer may be accepted by a notice of award. If the acceptance is clear and unqualified, a binding agreement results. An obligation, in the amount in the offer, arises upon issuance of the notice of award; the offer and notice of award constitute the documentary evidence supporting the obligation.

I. For purposes of this paragraph, an agreement between NASA and the Small Business Administration (SBA) made pursuant to Sec. 8(a) of the Small Business Act (15 USC 631 et. seq.) and in accordance with the FAR 19.800 and the NASA FAR Supplement (NFS) 1819.8 shall be treated as a firm contract and will be



recorded as an obligation in accordance with the criteria in subparagraphs a. through h. above, as applicable.

010605. Intra-governmental Transactions. \_An order for specific goods or services placed with another Government agency shall be recorded as an obligation in accordance with the following:

A. Except for those orders prescribed in subparagraphs b. through d. below, a firm and complete order for goods or services placed on a reimbursable basis by NASA with another Government agency shall be obligated in the amount of the order when (1) accepted in writing by the performing agency or (2) when written acceptance cannot be obtained, but evidence is available that the order was placed by an authorized person and that the goods or services were, or are to be, delivered. A major authority for interagency agreements is the Economy Act, 31 USC 1535 and 1536. An Economy Act agreement is recorded as an obligation as any other contract. Under 31 USC 1535, however, the period of availability of funds transferred pursuant to an Economy Act agreement may not exceed the period of availability of the source appropriation. For orders chargeable to those appropriations expiring in the current year and placed under the authority of the Economy Act, a deobligation is required at the end of the fiscal year to the extent that the performing agency has not incurred a valid obligation. If the order is not governed by the Act, the order constitutes an obligation equal to the work completed or contracts awarded by the performing agency.

B. Certain orders are required by law to be placed with Government agencies and activities: The Federal Prison Industries, Inc. (18 USC 4124); The Committee for Purchase from the Blind and Other Severely Handicapped (41USC 46-48c); The Government Printing Office (44 USC 501, 502, 504 and 1121); and The General Services Administration (34 Comp. Gen. 705). The amounts of these orders shall be recorded as obligations when the orders are issued. Those obligations recorded against an expiring appropriation need not be decreased at the end of the fiscal year even though the performing agency may not have incurred supporting obligations under the order. All such orders must definitely authorize the performing agency to proceed with a particular task.

C. The recording of an amount as an obligation, where the order (other than one required by law to be placed with one of the agencies or activities listed in subparagraph B above) is placed on another Government agency for items procured and normally carried in stock by such agency, depends on the capacity in which the supplying activity functions with respect to the particular transaction (see 32 Comp. Gen. 436):

1. If the order involves common-use standard stock items that the supplying activity has on hand or order for prompt delivery at published prices, the obligation is incurred at the time the order is placed by the requisitioning activity.

2. If the order involves stock items other than those referred to

in (1) above, the obligation is incurred by the requisitioning activity at the time of issuance of a formal notification from the supplying activity that such items are on hand or order and will be released for prompt delivery.

3. If the order requires execution of a specific contract by the supplying activity, the obligation is incurred by the requisitioning activity at the time the contract is entered into by the supplying activity.

D. An order placed for a Center (ultimate beneficiary) by another Government agency chargeable to the ultimate benefiting Center shall be recorded as an obligation by the ultimate benefiting Center at the time the specific contract is entered into by the ultimate supplying activity which let the contract (see 31 USC 1535).

010606. Purchase Orders

A. A purchase order issued in accordance with FAR Part 13 (orders of \$100,000 or less for supplies or services not placed against an established contract or with Government services of supply) constitutes an obligation. A purchase order issued in accordance with NFS 1813.5, constitutes an obligation when issued if the purchase order accepts a binding written offer made by a vendor to sell specific goods or to furnish specific services at a specific price.

B. A purchase order-requiring acceptance by the vendor will be recorded as an obligation when evidence of written acceptance is received. Delivery of the item purchased will constitute acceptance, in lieu of written acceptance, to the extent that the delivery is accomplished during the period of availability of the appropriation or funding cited on the purchase order. If delivery is accepted subsequent to the period of availability, a new or current funding citation must be provided on an amended purchase order. An inadvertent payment from expired funds will be adjusted by transferring the charges to the correct fiscal year on a correction voucher.

010607. Communication, Utility Services, Rents and Postage

A. An obligation for recurring charges for utility services and communications (including Federal Telephone Service (FTS)) will be recorded each month or as required based on a written administrative determination of the estimated cost of the service that will be furnished during the month. The obligation will be adjusted on receipt of an invoice paid voucher or other documentary evidence indicating the need for changing the amount recorded.

B. The amount recorded as an obligation for rents and leases shall be based on the agreement or lease or on a written administrative determination of the amount due.

1. Under a rental agreement which may be terminated by the Government at any time without notice and without incurring any obligation to pay

termination costs, the obligation shall be recorded each month in the amount of the rent for that month.

2. Under a rental agreement providing for termination without cost upon giving a specified number of day's notice of termination, an obligation shall be recorded upon execution of the agreement in the amount of rent payable for the number of days notice called for in the agreement. In addition, an obligation shall be recorded each month in the amount of the rent payable for that month. When the number of days remaining under the lease term equals the number of days that advance notice is required for termination, no additional monthly obligation shall be recorded.

3. Under a rental agreement providing for a specified termination payment, an obligation amount shall be recorded upon execution of the agreement. In addition, an obligation shall be recorded each month in the amount of the rent payable. When the remaining rent payable under the terms of the agreement equals the amount of the obligation recorded for the payment specified in the event of termination, no additional monthly obligation shall be recorded.

4. Obligations for a capitalized lease shall be recorded at the time of the lease's execution in the amount of the net present value of the Government's total estimated legal obligations over the life of the contract. Obligations for operating leases shall be recorded at the time of the lease's execution in the total amount of lease payments specified in the agreement, or, if the agreement includes a cancellation clause, an amount sufficient to cover the lease payments for the first year plus an amount sufficient to cover the costs associated with cancellation of the contract. Under the latter circumstances, for each subsequent year, obligations shall be recorded in amounts sufficient to cover the annual lease payment plus any additional cancellation costs.

C. An obligation for postage shall be recorded each month based on an estimate of the billing to be received and adjusted based on the actual billing received. If advance payment for penalty mail is required, the obligation shall be based on the advance billing. Stamps purchased shall be obligated at the time payment is made.

010608. Adjustment of Orders, Agreements, and other Contractual Documents

A. An incrementally funded contract provides for performance within an estimated total cost and fee, and initial funding which is less than that total. This type of contract also provides that the liability of the Government is limited to the amount of funding incrementally placed on the contract. Thus the Limitation of Funds clause required by FAR 32.705-2(c) for cost reimbursable contracts and NFS 1832.705-270(a) for fixed-price contracts limits the amount to be recorded as an obligation under an incrementally funded contract. Each increment of funding added to the contract raises the liability of the Government and creates an obligation in the amount of the increase up to, but not exceeding, the amount that would be recordable as an obligation if the clause were not in the contract. Adjustments of obligations under incrementally funded contracts

are subject to the following requirements and limitations:

1. An obligation may be recorded for the contract up to the amount of the total estimated cost and fee.

2. Incremental funding may be added to the contract and recorded as an obligation in any amount up to the amount of the total estimated cost and fee. Any change order issued under an incrementally funded contract, which adds funding to the contract, shall be recorded as an obligation upon issuance.

3. Unless the contract states otherwise, the amount of the funding increment is not related to any individual item in the contract.

4. At any point in time when incremental funding on the contract equals the total estimated cost and fee, the contract is no longer considered to be an incrementally funded contract.

5. (e) During period(s) of continuing resolution or delayed release of full funds availability, an obligation shall be recorded when the contract is executed for the total amount stated.

B. An obligation recorded under a contract, which is not incrementally funded, shall be adjusted by the amount provided in a bilateral amendment or modification.

1. A written unilateral order or contract change (issued pursuant to a clause, such as the Changes-Fixed Price clause in FAR 52.243-1) which is binding on the contractor is a modification of the contract when issued. Any change in the total estimated cost of the contract will be indicated on a copy of the order for use in recording the increase or decrease in the amount of the previously recorded obligation. The amount of the order is subject to further adjustment for excess costs incurred as a result of termination.

2. The maximum amount for which the Government will be liable under a letter contract may be increased by unilateral action of the Government. An obligation will be recorded when the contractor is notified that the stated amount of the Government's maximum liability has been increased.

3. The amount of recorded obligations shall be increased or decreased based on amendments or supplemental agreements issued for the correction of a mistake or formalization of an informal agreement authorized by determinations made pursuant to 50 USC 1431-1435.

4. An obligation resulting from a contingency clause or a clause involving excess costs incurred as a result of termination shall be recorded on the basis of the contractual document. If an amendment to the contract is not required, the

obligation shall be recorded when the event fixing the amount of the liability under such contingency provision occurs and is supported by appropriate documentary evidence.

5. An adjustment due to a contract amendment or modification, even if made in a subsequent fiscal year, will be charged against the appropriation initially obligated when the contract was awarded, provided that:

- a. The amendment or modification was specifically authorized in the original contract
- b. Does not increase the quantity of items ordered, or
- c. Cover additional items of services, supplies, or costs not provided in the original contractual agreement, or
- d. Otherwise change the scope of the contract and result in a new procurement.

6. An adjustment of this nature may be based on a price re-determination, change in specification, or engineering or other change necessitating price adjustment. If a transaction is funded under a one-year appropriation, the adjustment will be made against the appropriation initially obligated. If funded under a no-year appropriation, the adjustment shall be charged or credited to currently available funds. If the transaction is funded under a multi-year appropriation, however, the adjustment shall be charged or credited to the balance of the appropriation only for obligations properly incurred during the period of availability or to complete a contract properly made within that period of availability.

7. If a contract, purchase order, or other obligating document is increased in a subsequent fiscal year by an order, supplement, or amendment which increases the quantity of items ordered or covers additional items of services, supplies, or costs not provided in the original contractual agreement, such increase shall be charged to currently available funds. An obligation for a contingency item, as described in FMM 9041-7h, shall be evidenced by a signed copy of the order setting forth the specific service to be performed or item to be provided. In the event the order does not contain pricing information, the accounting copy shall be priced and serve as documentary evidence for recording of the obligation.

8. The amount of an obligation on a fixed price contract with an economic price adjustment, price re-determination, or incentive provision may be decreased unilaterally by NASA upon a written determination by the contracting officer that the anticipated liability under the contract can be reduced. A de-obligation may also be processed based on a written joint agreement between the contracting officer and the contractor. When a contract or agreement is terminated in whole or in part by the Government by a Notice of Termination to the contractor or other party, the amount obligated under the contract shall be adjusted to reflect an amount sufficient to cover the

settlement costs under the termination. Obligations shall not be decreased below the estimate of the contracting officer, based on the best evidence available, of the amount due as a result of the termination. As termination proceeds, the contracting officer shall periodically redetermine the Government's probable liability; based on appropriate documentation, and adjust the amount accordingly.

9. When a contract initially provides that certain items will be procured by the contractor and it later becomes necessary or advantageous for NASA to supply the items, a contract modification shall be executed to reduce the contract amount. The amount of the obligation shall be reduced accordingly. Loan of equipment by NASA to a contractor may require similar action.

10. A liability arising from an indemnification clause shall be recorded as an obligation only when the Government's liability is clearly established. If liability is admitted for a portion of the claim, an obligation is incurred only for that portion.

11. A contract dispute arising from a claim filed by the contractor must first be submitted to the contracting officer for consideration under the Contract Disputes Act of 1978 (41 USC 601-613). If the contracting officer denies the claim, a liability arising from an appeal filed by the contractor shall be recorded as an obligation only when the Government's liability is clearly established. The obligation will include simple interest on the amount of the claim finally determined to be owed by the Government and payable to the contractor. Such interest shall be at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41, from the date the contractor furnishes to the contracting officer the written appeal pursuant to the disputes clause of the contract, to the date either a final judgment by a court of competent jurisdiction, or the mailing to the contractor of a supplemental agreement for execution either confirming negotiations between the parties or carrying out a decision of a Board of Contract Appeals.

12. Although interest is included in the obligation when the government liability has been established, interest shall be applied only from the date payment was due, if such date is later than the filing of the appeal; and interest shall not be applied for any period of time the contracting officer determines the contractor has unduly delayed pursuing available remedies before a Board of Contract Appeals or a court of competent jurisdiction.

010609. Personal Services and Benefits. An obligation for personal services and related costs shall be evidenced by payroll documentation or other written administrative determination. The obligation for personal services shall be based on personnel records and shall be recorded in the month the services are performed. In the event a payroll period covers portions of two calendar months, the proportionate amount accruing within each month shall be recorded as an obligation applicable to that month.

A. The obligation for personal services contracts shall be recorded on

a monthly basis under the provisions of the contract.

B. Obligations for civilian employees' salaries shall be recorded monthly for the gross amount earned by the employees.

C. Accrued annual leave shall be recorded as an obligation in the month the employee terminates employment. The leave will not be recorded, as an obligation until the leave becomes due and payable as terminal leave.

D. The estimated liability for the following personnel expenses shall be the estimated liability incurred during the month: contributions for Federal employees' Group Life Insurance, Federal Employees; Health Benefits, FICA Taxes, and Civil Service and Federal Employees Retirement Systems.

E. The obligation recorded each month for severance pay shall be the gross amount due former employees. Severance pay is recorded as an obligation of the pay period covered, on a pay period basis, as pay is earned.

010610. Personnel Detailed to NASA on a Reimbursable Basis

A. The obligation recorded in each month for military personnel shall be the amount earned and reimbursable to the Department of Defense (DOD) based on the application of a published standard rate and other costs incurred by the Department of Defense, which are reimbursable by NASA

B. The obligation recorded in each month for civilian personnel shall be the amount of salary earned and related fringe benefit contributions, which are reimbursable to the other agency, and other costs incurred by the other agency which are reimbursable by NASA under the specific terms of the agreement for the assignment.

010611. Travel and Transportation. When authorized in accordance with NASA Travel regulations, an obligation shall be recorded for temporary duty (TDY) travel or permanent change of station (PCS) travel in the full amount of the estimated costs. As a general rule, however, estimated obligations tentatively recorded for transactions within the year shall be placed on an actual expense basis at the end of the fiscal year, excluding limited exempted transactions. Obligations for TDY and PCS travel, transportation, and other allowances are subject to the following conditions:

A. Travel orders for temporary duty travel shall normally be executed and approved no earlier than a month prior to expected travel commencement. However, in those instances where ticket purchases are made to take advantage of special group discounts, reduced rates, etc., the orders may be executed sooner. Estimated obligations will be recorded when the travel orders are approved. At fiscal yearend, the rules contained in paragraph b. below shall be followed to insure that only obligations applicable to the current fiscal year are recorded.

B. Estimated obligations for permanent change of station allowances for travel, transportation, temporary quarters, residences transactions, relocation services relocation income tax allowance, movement of household goods, and miscellaneous expenses will be recorded against the appropriation available within a month of issuance of NASA form 1450 (Authorization Change of Official Station). The same basis should be utilized to record reimbursable PCS costs to the DOD for military personnel detailed to NASA.

C. An obligation shall not be recorded for amounts advanced to an employee to cover the costs of travel since these amounts have already been obligated.

D. The estimated obligations for TDY and PCS travel which are recorded should be promptly adjusted to actual obligations when travel vouchers, airline and car rental bills, bills of lading, relocation services contract billings or any other substantiating documentation are paid. Obligations should also be adjusted after each relocation income tax allowance transaction is calculated and paid.

E. Prior to the certification of obligations the following fiscal year (FY) adjustments should be made when the itinerary for authorized temporary duty (TDY) travel covers two fiscal years:

1. Estimated Costs

a. The current FY funds will be obligated for the portion of the estimated cost that is anticipated to be performed in the current FY.

b. The subsequent FY funds will be obligated for the portion of the estimated cost that is anticipated to be performed in the subsequent FY.

c. An exception pertains to Transportation costs (e.g. Airlines, Automobile rentals). The cost of transportation will be obligated against the FY funds in which the travel commences.

2. Mileage Costs

a. The current FY funds will be obligated for mileage cost, when the travel begins at a time to enable the traveler to complete a continuous journey before the close of the current FY.

b. The succeeding FY funds will be obligated for mileage cost, when the travel begins near the end of the current FY and the major portion of the travel is performed in the succeeding FY.

3. Per Diem and other authorized expenses (e.g., taxi hire, official telegrams, other public transportation and baggage charges paid by traveler) shall be obligated against the appropriation current at the time the costs are anticipated to be



incurred.

010612.      Transportation of Government Property and Supplies

A.      An obligation incurred for transportation of Government property and supplies shall be evidenced by a bill of lading issued to a commercial carrier, other contract for commercial transportation or rental of a truck, or an intra-governmental order for specific transportation. The obligation shall be promptly recorded in the amount of the estimated cost of the transportation to be furnished based on established rates as transactions occur and adjusted on receipt of evidence of payment of the final bill.

B.      The issuance of a bill of lading by the transportation officer constitutes the obligating act. The cost of the transportation is an obligation of the fiscal year in which the transportation officer issues a bill of lading to a transportation service provider (TSP). Transportation of property and supplies is an obligation of the same fiscal year in which the property and supplies are purchased if the transportation is included in the purchase price; that is, when the purchase is being made f.o.b. destination. As a general rule, if transportation charges are, or will be, paid separately by the Government, the transportation is an obligation of the fiscal year in which the transportation begins or a bill of lading is issued. This rule also applies if transportation charges are prepaid by the vendor and billed as a separate item on the invoice, unless the contractual document clearly indicates that the purchase is being made on a delivered basis.

010613.      Miscellaneous Categories

A.      The amount of a grant, subsidy, or contribution shall be recorded as an obligation when supported by documentary evidence as follows:

1.      A grant requiring the grantee to perform a service or deliver an item shall be recorded when consummated by mutual agreement. Usually, a grant is signed by a grants officer and mailed to the grantee for acceptance. The obligation is incurred when the grantee accepts or approves NASA's offer by signing the grant document and mailing or otherwise delivering the acceptance to NASA.

2.      A grant, subsidy, or contribution not proceeded by a contract or agreement shall be recorded as an obligation at the time payment is made.

B.      A cash award shall be recorded as an obligation in the accounting period in which an authorized official approves the award. A copy of the approval document, or the document informing the recipient of the award, shall be used to support the obligation

C.      The estimated amount of a legal liability shall be recorded as an obligation if the pending litigation, for a definite liability of payment, is for the purpose of determining the amount of the Government's liability. The estimated loss associated

with a probable contingency may be a specific amount or a range of amounts. If some amount within the range appears to be a better estimate than any other amount within the range, that amount shall be recorded. If no amount within the range appears to be a better estimate than any other amount, however, the minimum amount in the range shall be recorded. See GAO Policy and Procedures Manual, Title 2.

D. The estimated cost of land acquisition under condemnation proceedings shall be recorded as an obligation at the time the Attorney General is requested to institute proceedings. The obligation shall be supported by a written administrative determination of the estimated amount of liability that will result from the litigation. In the case of a condemnation suit where a declaration of taking is filed after the issuance of an administrative determination of liability, the estimated obligation originally recorded shall be adjusted to the amount set forth in the declaration of taking. Any deficiency judgment entered subsequent to the declaration of taking shall be recorded as an obligation of the appropriation current at the time the initial obligation was recorded since this is merely a final adjudication of the rights of the parties and does not create a new obligation (34 Comp. Gen. 67 and 35 Comp. Gen. 185).

E. The following types of liabilities shall be recorded as obligations when supported by appropriate documentary evidence:

1. For Tort Claims, an obligation shall be recorded for the amount involved on the date the tort claim voucher is signed by an authorized NASA designee or, in the case of a suit settled out of court, by the Attorney General on the date of such settlement (27 Comp. Gen. 237). The obligation shall be recorded in the amount finally approved and certified for payment. (For NASA tort claim regulations see FMM 9633-9.)

2. An obligation for other claims shall be recorded upon a determination of liability by appropriate legal authority.

3. An obligation shall be recorded for any other liability based on a disbursement document, which was not preceded by a recorded obligation.

010614. Non-Expenditure Transfers. A transfer of appropriations using a Non-expenditure Transfer Authorization (SF 1151) to another Government agency for obligation and disbursement does not constitute an obligation at the time of the transfer. The Government agency that receives the transfer appropriation is required by Part I, Section 20.4 of the Office of Management and Budget Circular A-11 to report charges and credits in accordance with the guidance provided by the circular. In addition, the receiving agency must submit an Apportionment and Reapportionment Schedule (SF 132) to the Office of Management and Budget reflecting the transferred amount, the apportionment or fund title, and the symbol for the requested apportionment.

010615. Other Transactions. For other procurement activity not previously discussed in this Volume for which an obligation will be recorded and reported, refer to

the NASA FAR Supplement Parts 1800-1872. The NASA FAR Supplement is the Agency's primary document and information source for all NASA procurement activity. The supplement works in conjunction with the Federal Acquisition Regulations System that sets forth basic policies and general information including purpose, authority, applicability, issuance, arrangement, numbering, dissemination, implementation, supplementation, maintenance, administration, and deviation. For transactions that did not originate in or by procurement and an obligation will be recorded as an obligation, must be supported by all available and pertinent documentary evidence or other written documentation as discussed above. If required, an obligation may be adjusted upon the receipt of an invoice, paid voucher, or other appropriate documentary evidence indicating the need for changing the obligation amount recorded. If necessary, an obligation shall be recorded each month based upon an estimate and then adjusted upon receipt of appropriate documentary evidence that reflects the actual for the month.

010616. De-obligations

A. A de-obligation cancels or reduces a previously recorded obligation. In general, organizations and officials responsible for initiating the recording of obligations are also responsible for promptly initiating de-obligation actions when the original obligation needs to be reduced or cancelled, or when the requirements for recording obligations in this Chapter are no longer met. No action shall be taken to reduce or cancel obligations below an amount legally owed. Reductions and cancellations of obligations or purchase orders shall be supported by appropriate documentation. An official document such as a contract modification or a paid voucher annotated and initialed to reflect a discount taken provides sufficient support. If an official document is not used to initiate the transaction, a separate, signed justification, in sufficient detail to fully explain the rationale shall be prepared, signed and retained as support.

B. A de-obligation is processed as a reduction to the value of the particular procurement request document that provided funding for the award of a purchase order. De-obligations of a purchase order initiated outside the OCFO shall be signed and dated by the requestor and Program or Project Managers affected by the action and initialed by the OCFO reviewer.

C. For transactions reducing obligations which are initiated in the OCFO, such as those to correct data entry errors, the OCFO shall ensure there is an adequate audit trail to document the rationale for the transaction and relevant documents shall be initialed by the staff member entering the transaction. Where a de-obligation is made to close out a contract based upon a final voucher, a Procurement official shall annotate the voucher or other document to indicate approval. All documents supporting de-obligation transactions shall be retained in the contract file maintained by the OCFO.

010617. Recordkeeping.

A. The Office of the Chief Financial Officer, in cooperation with

NASA Components, shall ensure that accounting records are maintained that provide full disclosure of the financial operations and resource utilization applicable at each successive organizational level. The accounting records shall show the amounts of funds received at each organizational level, funds issued to others, current available balances, and funds committed, obligated, and expended. These fund control records shall constitute an integral part of the official accounting records maintained for each successive organization level in the fund flow hierarchy. Financial reports reflecting funds received, issued, available, and utilized shall be prepared from the official accounting records.

B. NASA organizations shall maintain key records and documents on appropriations, other budgetary resources, and budgetary data for the funds for which they are responsible.

C. NASA organizations shall retain, for 6 years, 3 months, papers and other documentary evidence developed and/or obtained during an investigation of an actual or potential violation of the Anti-deficiency Act.

#### 0107 BUDGET EXECUTION PROCESS, PROCEDURES AND WORKFLOWS

This section summarizes major steps in the execution of NASA's budget. Detailed flow charts describing of the NASA budget execution process are located in Appendix B. OMB Circular No. A-11, Part IV, Budget Execution, is an integral reference guiding NASA's policies and procedures. The reports listed below are hyperlinked to the appropriate section of OMB Circular A-11.

##### 010701. Apportionments and Reports.

###### A. Apportionment and Reapportionments

1. Report 120. Apportionment/reapportionment process
2. Report 121. SF 132, Apportionment and reapportionment schedule
3. Report 123. Apportionments under continuing resolutions
4. Report 124. Agency operations in the absence of appropriations

###### B. Budget Execution Reports

1. Report 130. SF 133 Report on budget execution and budgetary resources

C. Other Reports

1. Report 135. Procedures for monitoring Federal outlays
2. Report 140. Reports on unvouchered expenditures
3. Report 145. Requirements for reporting Anti-deficiency Act violations
4. Report 150. Administrative control of funds

010702. Actions prior to the Start of the Fiscal Year.A. NASA Agency-Wide Coding Structure(AWCS).

1. Budget execution responsibilities begin with the monitoring of Congressional Action for the ensuing budget year to identify prospective changes to NASA budget and accounting structures. For the purpose of ensuring that budget execution is carried out in a manner consistent with the formulation of the budget, the AWCS establishes a uniform method of identifying and classifying financial activity for budgeting, accounting, and reporting.

2. The AWCS provides the official reference for classification and coding of all financial activity used in interpretation of management reports. AWCS provides a bridge between detailed internal coding required for NASA management in communicating with the Office of Management and Budget and the Congress. The IFMP shall validate that the system modifications and changes are consistent with AWCS. The OCFO, Director, Financial Management, is responsible for approving, disseminating, and maintaining the AWCS including the issuance of revisions and implementing instructions. The Director exercises functional supervision over application of the AWCS coding structure to all financial systems and operations.

3. An AWCS change approval process provides for the Mission Directorates and Mission Support Offices via NASA Form 1328 (Flash change). A formal approval by OCFO program analyst shall ensure that changes are consistent with the current structure. The OCFO, Director, Financial Management, will approve the proposed change for consistency of coding, the availability of the requested AWCS number, and the verification of UPN/FPN activity before the AWCS changes are made.

B. Apportionment of Estimated Balances and Trust Funds. By August 21st of each fiscal year, NASA is required to request the apportionment of estimated resources, to be carried forward in the ensuing fiscal year for each Treasury Appropriation Fund Symbol. (Section 120.13 of OMB Circular No.A-11, Part IV.) These initial apportionments are to include estimates, as required by 31 U.S.C. 1513, for permanent appropriations in NASA's Trust funds, balances in the Working Capital Fund, reimbursements and other income, and balances of prior year budget authority in

appropriation accounts. The Office of the Chief Financial Officer shall provide timely guidance to NASA components for the form and content of OMB apportionment back up material.

010703. Actions at the Start of the Fiscal Year.

A. At the start of each fiscal year, there is normally some period of uncertainty as to the final level of funding that will be available for budget year operations. Appropriations may be delayed and, even if enacted, further actions may be contemplated by the Administration or the Congress that would change the level of funding for programs planned in the initial budget request. Timing requirements for the first apportionment of funds for all resource available in the entire fiscal year is dependent on the date of enactment of appropriations. Appropriate guidance will be issued prior to the start of the fiscal year by the Office of the Chief Financial Officer to all NASA personnel with budget execution responsibilities to cover the status of NASA's budget request.

B. Apportionment/Reapportionment Requirements and Workflows Upon Enactment of Appropriations. The timing and content of apportionment submissions are contained in Section 120 of OMB Circular No. A-II, Part IV([120. Apportionment/ reapportionment process/121. SF 132, Apportionment and reapportionment schedule](#)). The apportionment and subsequent workflows summarized in this Section are provided in more detail in the flow charts at Appendix B. Budget Execution Process and Workflows.

1. The Director, Resource Planning Division develops and revises the NASA Congressional Operating Plan (COP) (*Top Level Budget Execution Flowchart* ). This is an iterative process that responds to changes received both from Congress and from the Resources Management Offices. (*Flowchart Develop/Revise Congressional Operating Plan*)

2. The Director, Resources Planning Division updates the Internal Operating Plan. (*Top Level Budget Execution Flowchart*). When reapportionment is required, the following procedures are performed (*Apportionment/ Reapportionment Flow Chart*).

a. Prepare Reapportionment Request and Routing Slip. (Funds Control and Distribution Branch). Director of the Financial Operations Division approves or submits changes.

b. Director of the Financial Operations Division Headquarters forwards request to Comptroller.

c. Reapportionment request is approved by the CFO and submitted to OMB.

3. Update Internal Operating Plan. Upon passage of the final appropriations, detail of the Congressional Budget Submission is developed in parallel with development of the Congressional Operating Plan. (See attached flowchart titled Update Internal Operating Plan, for detailed steps in this process)

4. Execute Internal Operating Plan. To allocate the appropriated funds approved by the CFO to the Mission Directorates/Centers the following is completed.

a. Resources Authority Warrants are issued to requesting offices. (NF506 to the Program Office, NF 506A is issued by the RMOs. However, for accounts for which the Office of the Chief Financial Officer (OCFO) is responsible, the Resources Analysis Division issues the 506A. The Resources Analysis Division issues all NF 506A-Rs to cover separate fund controls on reimbursements.

b. Agency Official Accounting System Databases are updated.

c. FACS Database containing resources release data, commitments, obligations, costs and disbursements by UPN/FPN (Unique Project/Facility Project Number), program year, and fiscal year are updated.

d. To maintain adequate controls over resource allocations, the Central Resources Control System (CRCS), a hierarchical database used by the OCFO and Resource Management Offices establishes resource plans at all levels of fund distribution. The CRCS provides for control of Agency appropriations as contained in the Congressional Operating Plan, the Internal Operating Plan, and Resource Management Levels. The system is also used for control of apportioned reimbursable resources. The system also controls the movement of funds between Centers. The plans contained in the CRCS are developed at budget formulation and updated quarterly during budget execution. Resource Authority warrants shall only be created within the control environment of the CRCS.

5. After the IOP is updated, the CFO implements the Internal Operating Plan. The implementation initiates six sub-processes (See attached flow chart titled "Implement Internal Operating Plan")

a. Develop and Establish Agency funds control

b. Forward Control Amounts

c. Execute IOP

d. Update databases

e. Upload updated HQs Resources data to SAP

## Database

- f. Update FACS database.

C. Operations under Interim Financing Authority and in the Absence of Appropriations. (See Attached flow chart titled "Continuing Resolution or Shutdown Execution")

1. When the annual appropriation has not been enacted by the first day of the fiscal year, interim financing may be provided by Congress in the form of a continuing resolution for the continued operation of ongoing programs. In the language of the continuing resolution, Congress prohibits the financing of new programs before the enactment of the regular appropriation for the year. When a continuing resolution has been enacted, the OCFO will, at the request of the Administrator, submit a computation of the amount for each appropriation which, under the terms of the Resolution, the Treasury should be requested to warrant.

2. The wording of each continuing resolution is unique and designed to cover the specific circumstances in effect at the time that it is enacted. A continuing resolution generally, but not always, specifies that interim obligating authority is provided at a rate equal to the lesser of: Amounts contained in the President's budget; The lowest amount provided by Congressional action to the date of the Resolution (House action, Senate action, or conference committee action); or the current rate. For an annual appropriation, the "current rate" should be estimated as the amount appropriated for the program in the preceding year. For programs financed from multi-year and no-year appropriations in the preceding year, the "current rate" has been defined as an amount equal to the total funds appropriated for the previous fiscal year, plus the total of unobligated budget authority carried over from prior years, less the total of unobligated budget authority carried over to the current fiscal year.

3. The OCFO will request a Treasury Department warrant for each appropriation under the terms of the Continuing Resolution. If specifically requested by the OMB, the warranted amount of interim financing will be subject to the apportionment process. (OMB Circular No. A-11, Part IV, Section 123) Otherwise, the interim financing will be treated as an account not subject to apportionment. In either case, the amount of interim financing provided by the warrant will be allocated throughout all Levels of fund control. Obligations must be restricted to those necessary to carry out essential operations to ensure that the level of program operations will be consistent with the final congressional action on appropriations for the fiscal year.

4. The OCFO will issue guidelines whenever funding is temporarily available under continuing authority to cover the many unique conditions and limitations that may be contained in appropriations acts under Continuing Resolutions. The guidance will supplement the following general guidelines:

- a. During periods of uncertainty over final resources



available for program operations, obligations will be limited to those necessary to maintain and avoid disruption of operations. Obligations should not be deferred in situations in which they are needed to preserve life and property, or situations in which the delay in obligation would cause greater utilizations of funds at a later time.

b. Excessive rates of obligation should be avoided in sensitive policy areas in which deliberations over final funding levels are still being actively pursued by the Administration and the Congress so as to pre-empt appropriations decisions.

c. Obligations in the new fiscal year for levels of effort proposed in the budget year should not be made against available prior-year balances or reimbursable authority without an appropriate review by Executive Headquarters staff.

d. OMB guidance in Circular No. A-11 for the conduct of operations under interim financing authority ([123. Apportionments under continuing resolutions](#)) and provisions guiding operations during an hiatus in funding ([124. Agency operations in the absence of appropriations](#)) shall be strictly observed.

010704. Actions During the Fiscal Year

A. Reprogramming.

1. The Appropriations Subcommittees of the Congress have stipulated in Conference Committee reports accompanying appropriations bills that they be informed of deviations from budget requests contained in Congressional Operating Plans. The reprogramming of funds does not change either the total amount available in the three appropriation accounts under NASA control or any of the purposes for which the appropriation is legally available. These changes in plans represent proposed administrative actions that reflect a significant departure from budget plans presented to the Committees in an agency's budget justifications, the basis of the appropriations Act.

2. Consequently, the Committees, in Conference Report language, have directed NASA to consult with them prior to each change from the approved budget levels in excess of \$500,000 between programs and activities reflected in the COP. They have also requested that, regardless of the amount affected, they be consulted whenever funding shifts would affect funding in future years for programs or projects specifically cited in the Committee's reports. Furthermore, the Committees have asked to be consulted regarding reorganizations of offices, programs, and activities prior to the planned implementation of such reorganizations.

3. The Committee has also directed the NASA Administrator to submit operating plans, for review within 120 days of the bill's enactment. NASA Offices will be advised annually on the form and content of both the reprogramming and Congressional Operating Plan submissions. These submissions also require OMB

approval prior to transmission to the Congress.

4. NASA personnel at all levels should be fully cognizant of items of special interest to the Committees that are contained in their resource allocations. Prompt notification should be made to managers at higher levels whenever actions planned would result in deviations from the COP. All reprogramming requests should be transmitted to the Office of the Chief Financial Officer through the Mission Directorate/Mission Support Office.

5. If changes are proposed, the CFO processes the changes to the COP. (See attached flow chart titled “Top Level Budget Execution”) Upon notification of approval of the COP revision, the following results occur:

- a. An approved SF 132
- b. A revised IOP (Step 6.5)
- c. Action taken to implement changes

6. When changes to the COP are not needed, this step is skipped and the process continues to address any changes required to the IOP. (*Top Level Budget Execution* Flowchart Step 6.8.)

7. If changes to the IOP are required (Flowchart Step 6.8.), the Chief Financial Officer authorizes the revisions, the IOP is revised by analysts, and action is taken to implement resources changes.

B. Reporting. After changes are made to the IOP, the Chief of the Accounting, Reporting, and Analysis Branch (CARAB) prepares/issues the Financial Management Reports. (Top Level Budget Execution Flowchart Step 6.9) In addition to the release data, by IOP, received from the Resources Analysis Division, the Centers provide monthly financial data (commitments, obligations, costs, and disbursements by UPN/FPN, program year, and fiscal year) from their accounting systems. Inception to date obligation data is provided for the Highlight Report. Commitment, obligation, cost, and disbursement data is then provided after the final month-end closing, the 7th working day of the month, for the Financial and Contractual Status (FACS) database. The Financial Management Division combines the resources and financial data elements in the FACS database. (See attached flow chart titled “Reporting”).

C. Reviewing and Monitoring Internal Operating Plans.

1. The Director, Resources Analysis Division shall monitor the Budget Execution processes and prepare for and conduct CFO Quarterly Budget Reviews. (Top Level Budget Execution Flowchart Step 6.10) The Resources Analysis Division monitors and assesses budget execution and performance status from an Agency-wide perspective. The Headquarters Mission Directorate, Institutional, and staff

offices monitor and assess execution from a program or functional perspective.

2. To fulfill the Chief Financial Officer's responsibility to monitor budget execution in the Agency and to provide for the efficient use of resources available to the Agency during the year, up-to-date information regarding the status of Agency programs including funding status and usage to date against plan for year are made available at a central Agency source. This information shall be accurate, timely, and readily available to senior NASA management officials for use in making programmatic, institutional, or other budget decisions. (*Monitor and Review* flowchart)

D. External Reporting Requirements. The Office of the Chief Financial Officer shall provide timely and accurate reports on the status of funds apportioned by the OMB. The reports shall be provided in the manner specified in OMB Circular No. A-11. (Report [130. SF 133 Report on budget execution and budgetary resources](#))

010705. (Reserved for Future Use)

010706. Special Topics

A. Managing Expired Appropriation Accounts. (See attached flow chart titled "Expired Account")

B. Managing Closed Appropriation Accounts. Pursuant to [31 U.S.C. 1553\(b\)](#), an amount not to exceed one percent of the total appropriations for an account is apportioned for the purpose of paying legitimate obligations related to cancelled appropriations. The amounts to be paid agency-wide cannot exceed amounts cancelled by appropriation account. The provisions of 31 U.S.C. 1551–1557, enacted by Public Law 101–510, require that after an appropriation is canceled, any obligations or adjustments to obligations that would have been properly chargeable to that appropriation may be disbursed from an unexpired appropriation that is available for obligation for the same purpose as the closed appropriation. The same provisions also stipulate that payments of obligations against canceled appropriations from current unexpired appropriations are limited to one percent of the unexpired appropriation. Antideficiency Act provisions continue to apply to canceled appropriations. The authority to pay obligations against canceled appropriations from one percent of unexpired appropriations does not augment amounts available in the original appropriation. When obligations are canceled under the provisions of 31 U.S.C. 1551–1557, proper standard general ledger controls for the balances in the canceled appropriations must be maintained to prevent overpayment. The Treasury's Financial Management Service provides standard general ledger (SGL) accounting instructions. For specific guidance see <http://www.fms.treas.gov/ussgl>.

C. Procedures for Processing Payments Originally Obligated Under Appropriations That Have Since Canceled. (See flow chart at Appendix 1)

1. The office responsible for providing the unexpired funds to pay these bills is the organization that was responsible for the original obligation.

a. If the original obligation was in support of a HQ function, the Headquarters Office of Institutions and Mission Support is responsible.

b. If the original obligation was in support of a program or project, the applicable Mission Directorate is responsible.

c. If the obligation was in support of a Center infrastructure function, the applicable Center is responsible.

d. If the responsibility for the function associated with original obligation was transferred to another Mission Directorate, the receiving Mission Directorate is responsible for providing the unexpired funds to pay these bills.

e. If the obligation was in support of a program or project that was completed or canceled subsequent to the obligation, that obligation and the responsibility for payment shall be assumed by the Mission Directorate that would otherwise have been responsible for that program or project.

f. If a funding realignment is required, the responsible office must submit the request to Headquarters Office of the Chief Financial Officer. Once the necessary funding realignments have been accomplished, the Headquarters Office of Institutions and Management, the Mission Directorate, or the Center will process the payment.

2. Reports shall be provided by the Office of the Chief Financial Officer as of September 30<sup>th</sup> of each year listing amounts cancelled by contract and project.

3. In carrying out these requirements, the following policies and procedures shall apply:

a. Headquarters Office of Institutions and Management, Mission Directorate and Center shall:

1) Set aside an amount in the Internal Operating Plan an amount to fund the estimated canceled appropriation payables that are likely to be paid during the budget year.

2) When notified a payment is due that was originally funded by a canceled appropriation obligation, contact Headquarters Office of the Chief Financial Officer to verify that a sufficient unexpended balance remains in the canceled appropriation.

3) Identify the current funding source and the applicable current cost center for the payable that originated in a canceled appropriation.

4) Request Headquarters Office of the Chief Financial Officer concurrence on the proposed funding source.

5) Draft the Resource Authority 506-A to realign funds between Congressional Operating Plans (COP) and Unique Project Numbers (UPN), if necessary, and submit the Resource Authority 506-A to Headquarters Office of the Chief Financial Officer for processing.

b. NASA Centers shall:

1) Notify the responsible office and Headquarters Office of the Chief Financial Officer upon receipt of invoices or other payment requests applicable to obligations in canceled appropriations. The notification must include the contract/purchase order, fund source, budget line items (BLI), unique project number (UPN), facilities project number (FPN) and program year, reimbursable code and reimbursable agreement number (RAN), if applicable, and dollar amount.

2) Process the invoice or request for payment after the Resource Authority 506-A has been recorded.

3) Notify the responsible office and Headquarters Office of the Chief Financial Officer that the invoice or request has been processed and provide the contract/purchase order, fund source, BLI, UPN, FPN and program year, reimbursable code and RAN, if applicable, and dollar amount information cited on the payment document.

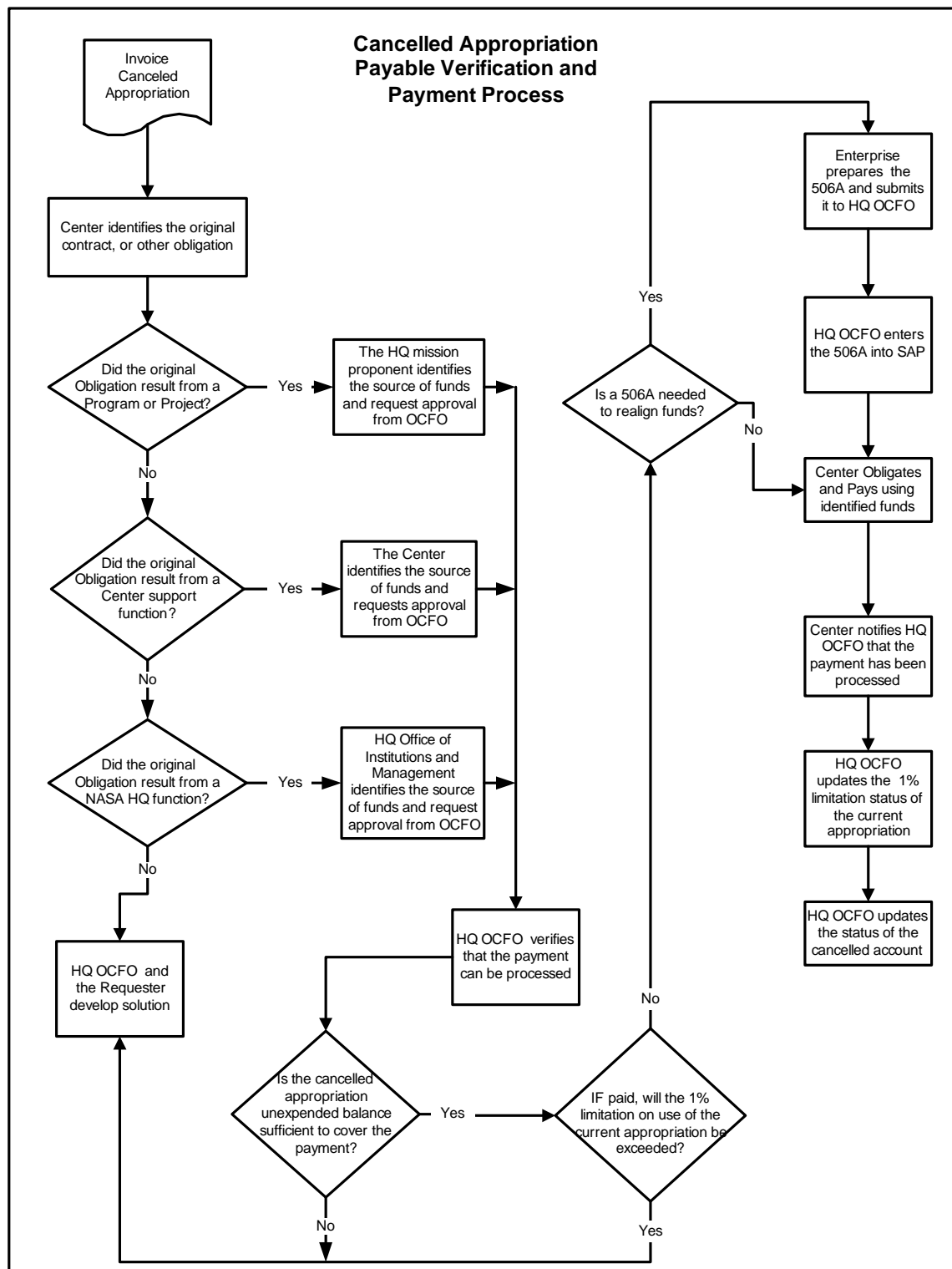
c. Headquarters Office of the Chief Financial Office shall:

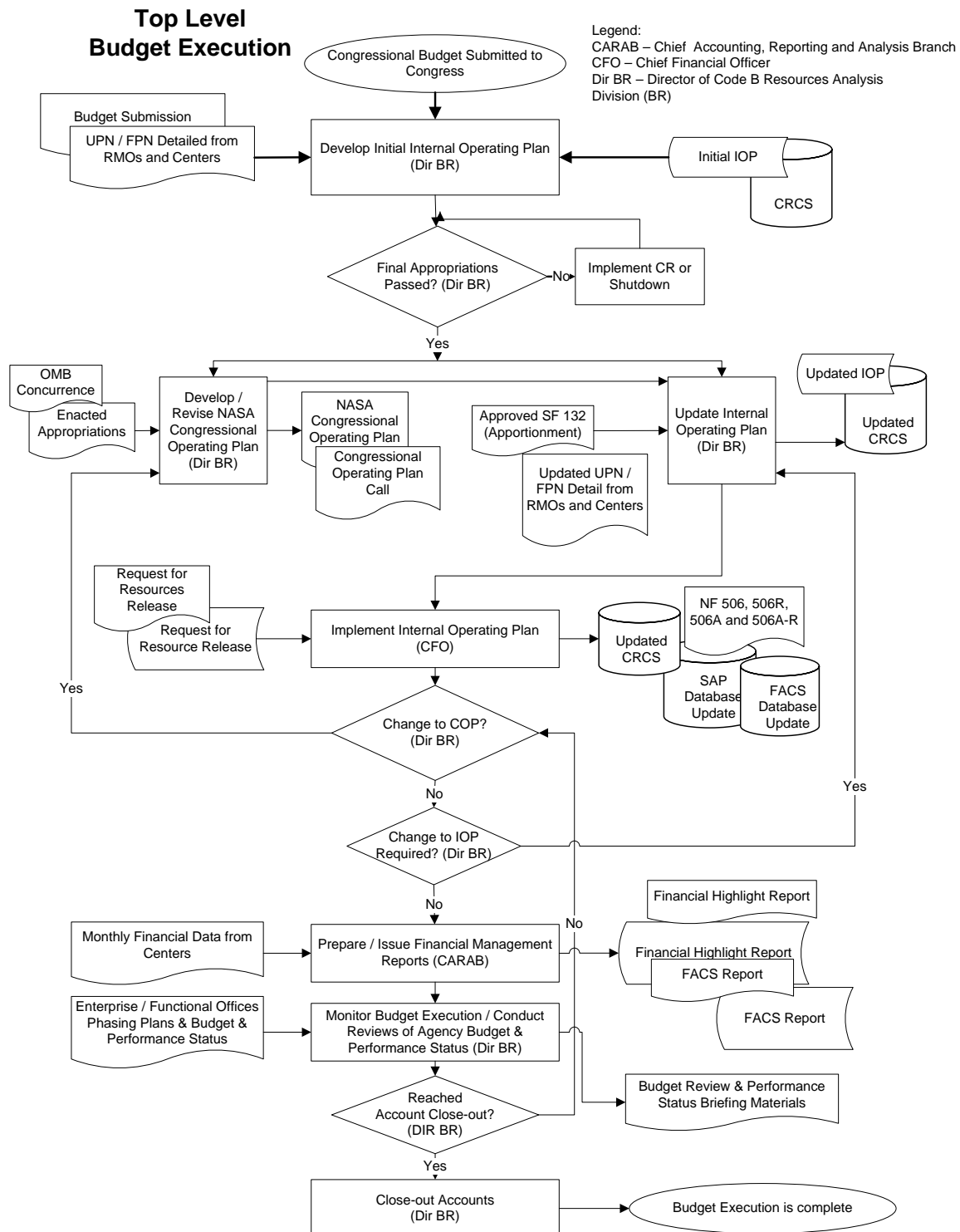
1) Verify that a sufficient unexpended balance remains in the canceled appropriation when notified a payment is due that was originally funded by a canceled appropriation obligation.

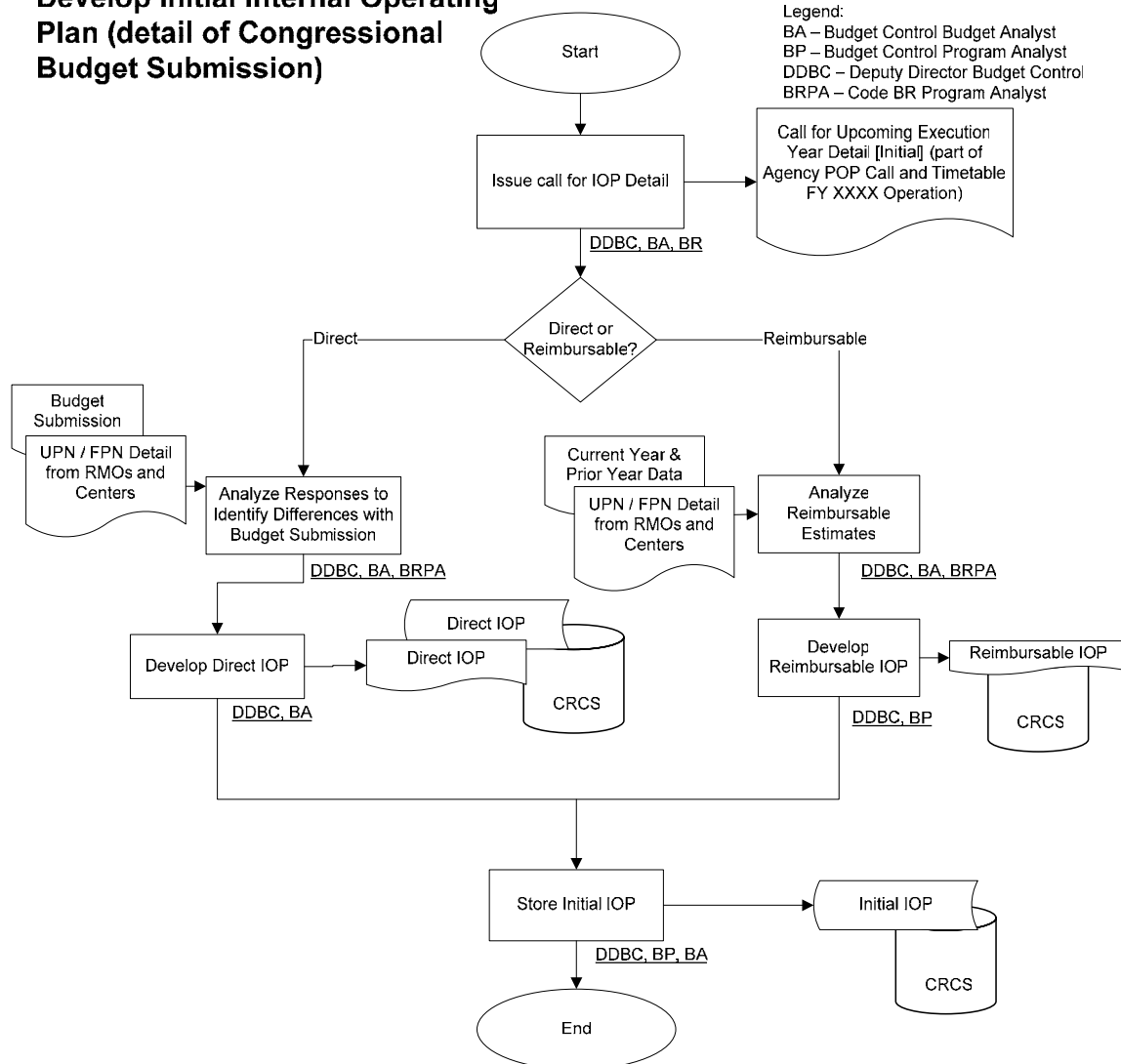
2) Verify that the 1 percent limitation will not be exceeded in the current appropriation when the Resource Authority 506-A request is received from the responsible office.

3) Update the status of the 1 percent limitation in the current appropriation as well as the unexpended balance of the canceled appropriation when notified that the payment has been processed.

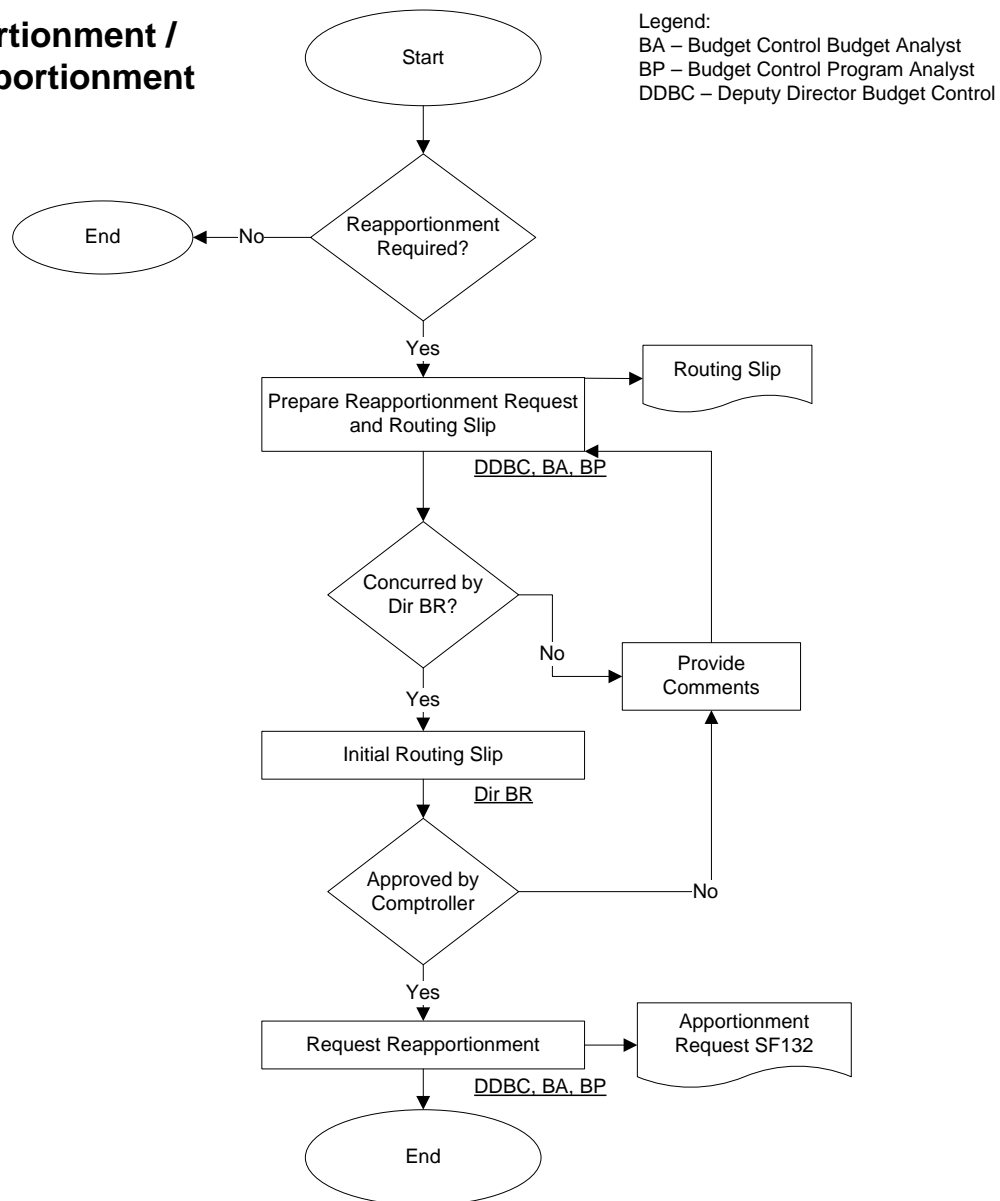
4) In the event that unexpended balances are not available, prompt action shall be taken to determine whether a violation of the Anti-Deficiency Act has occurred. If so determined, Federal agencies are normally directed to make payments out of funds currently available after the reporting is made to the President and the Congress.

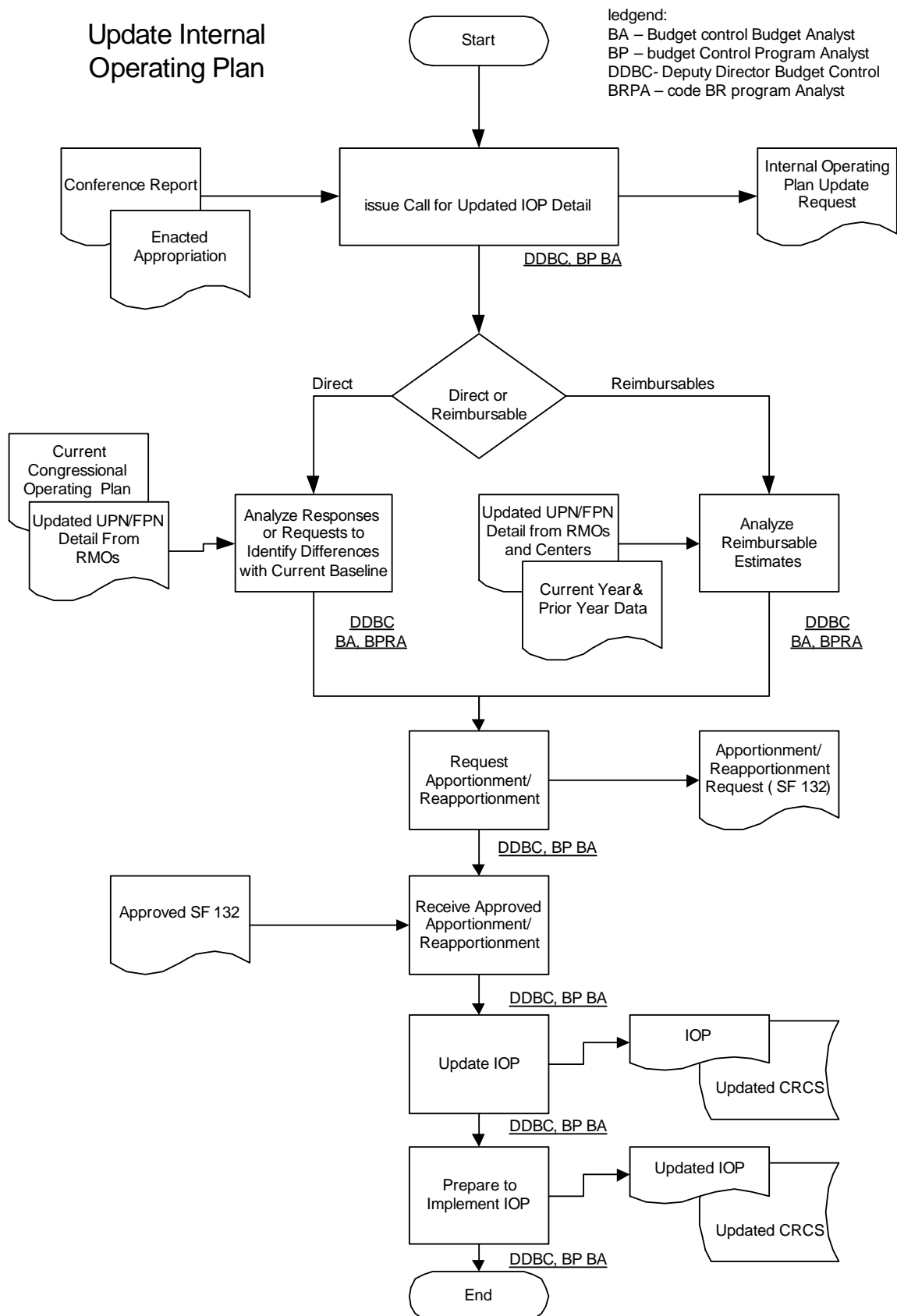




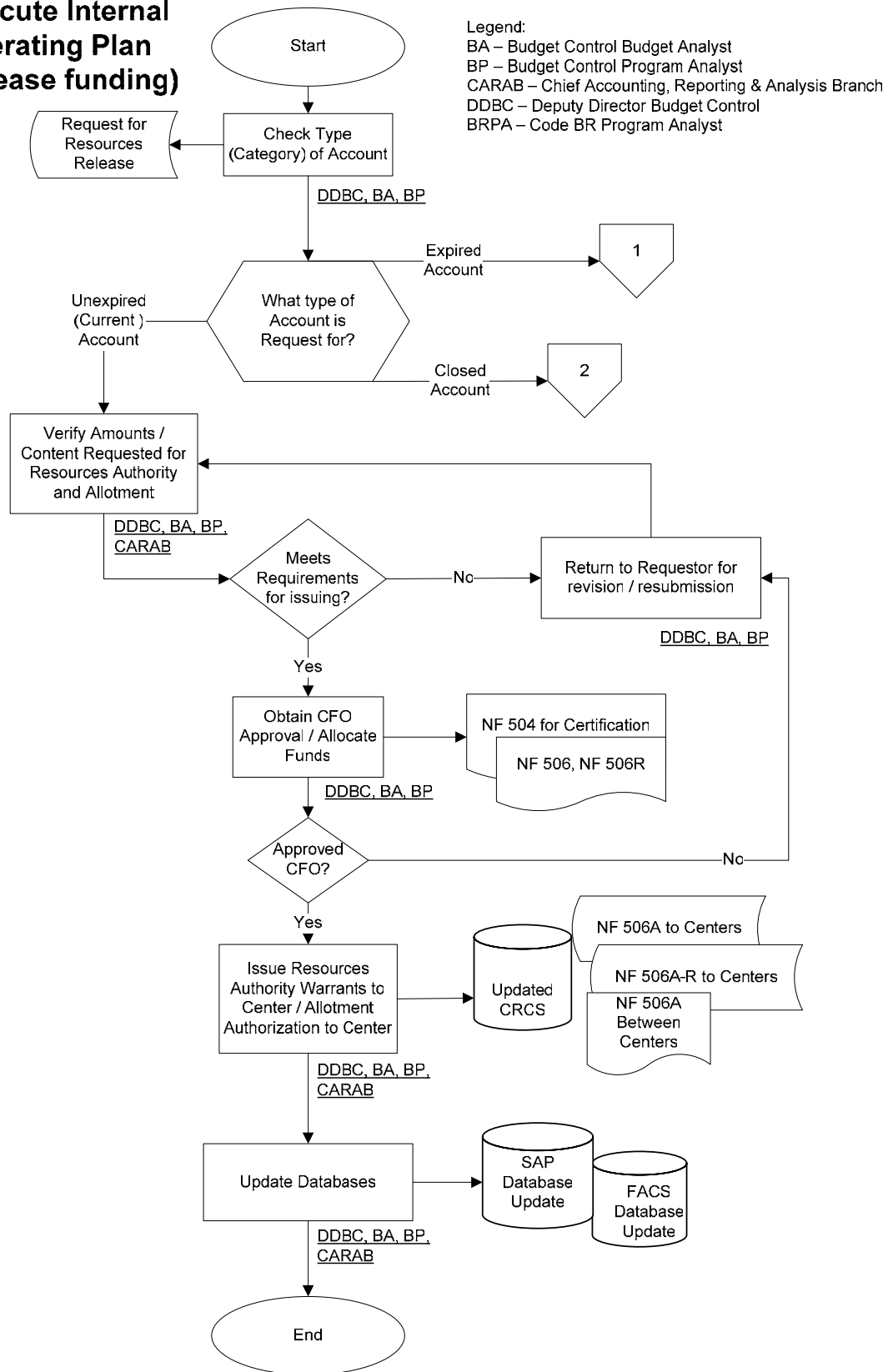
**Develop Initial Internal Operating Plan (detail of Congressional Budget Submission)**



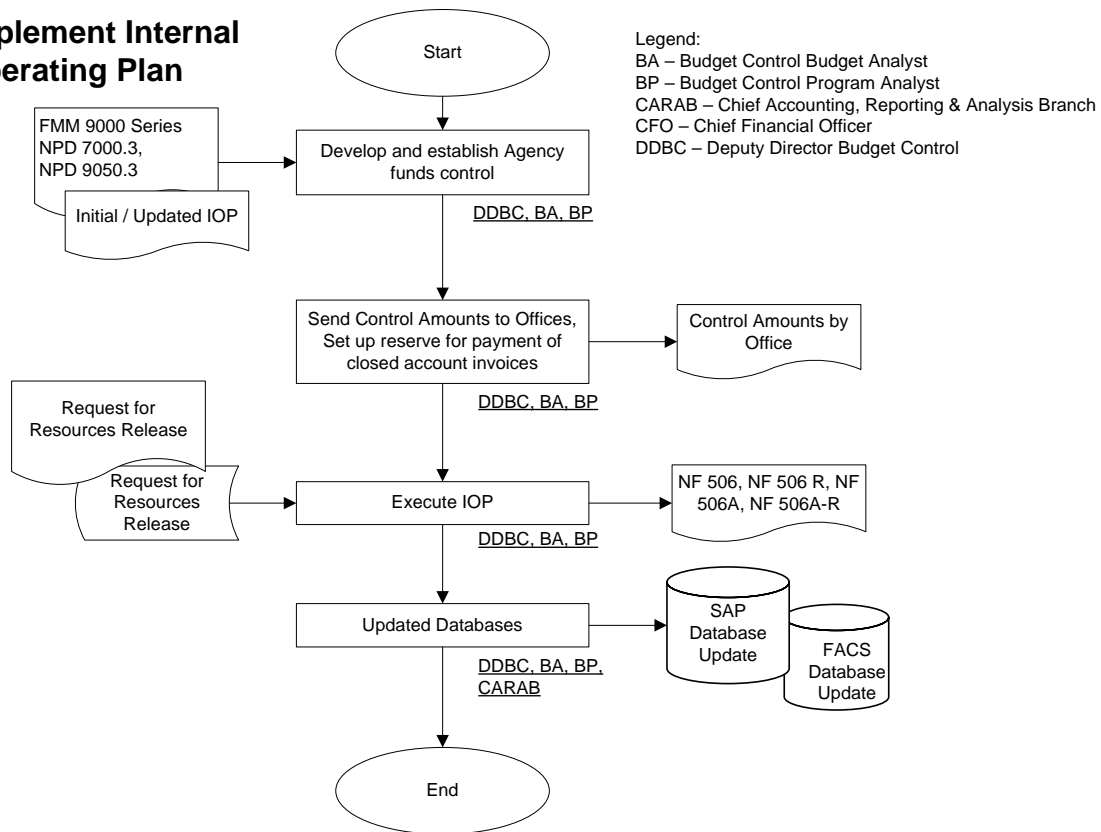
**Apportionment /  
Reapportionment**



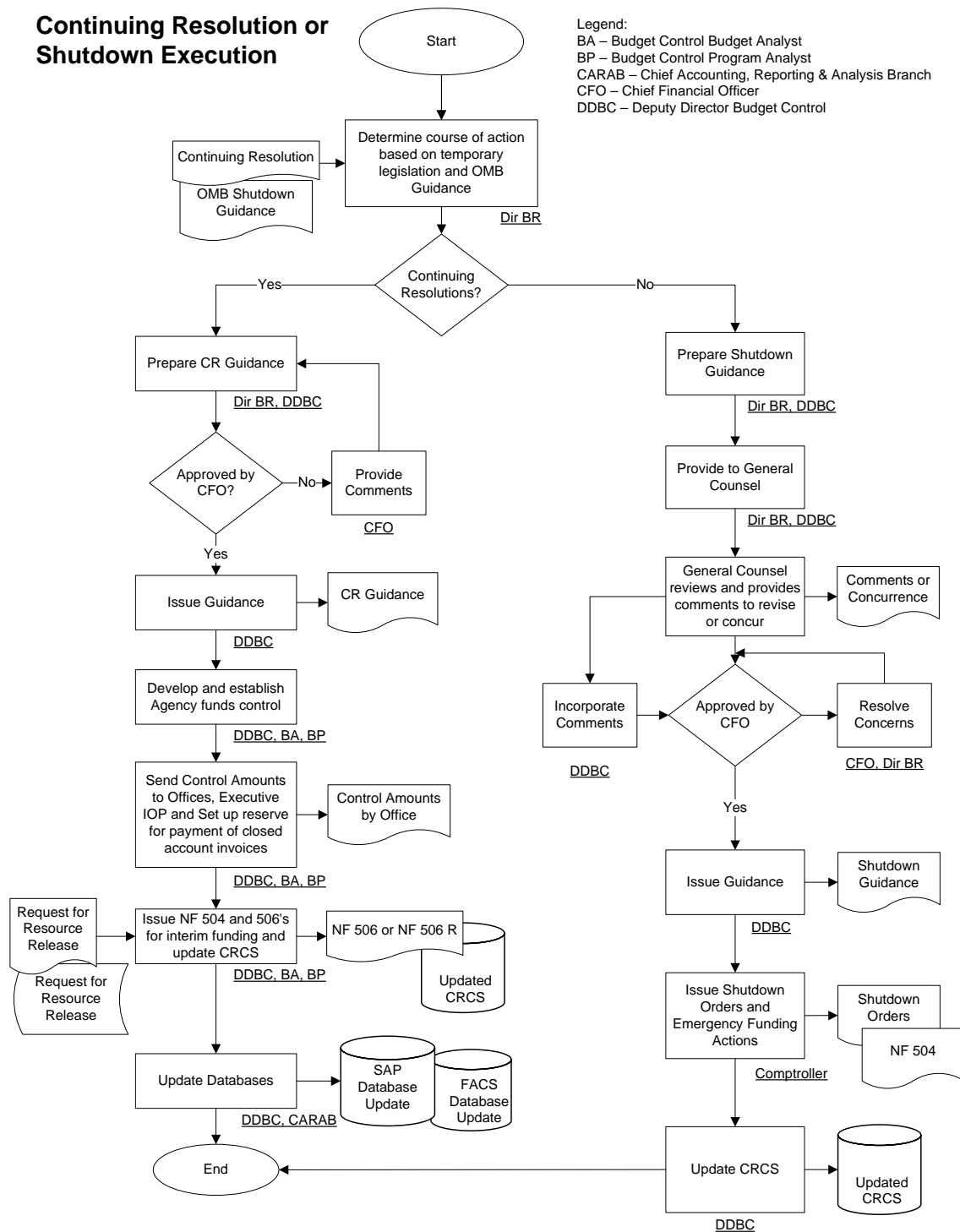
## Execute Internal Operating Plan (release funding)



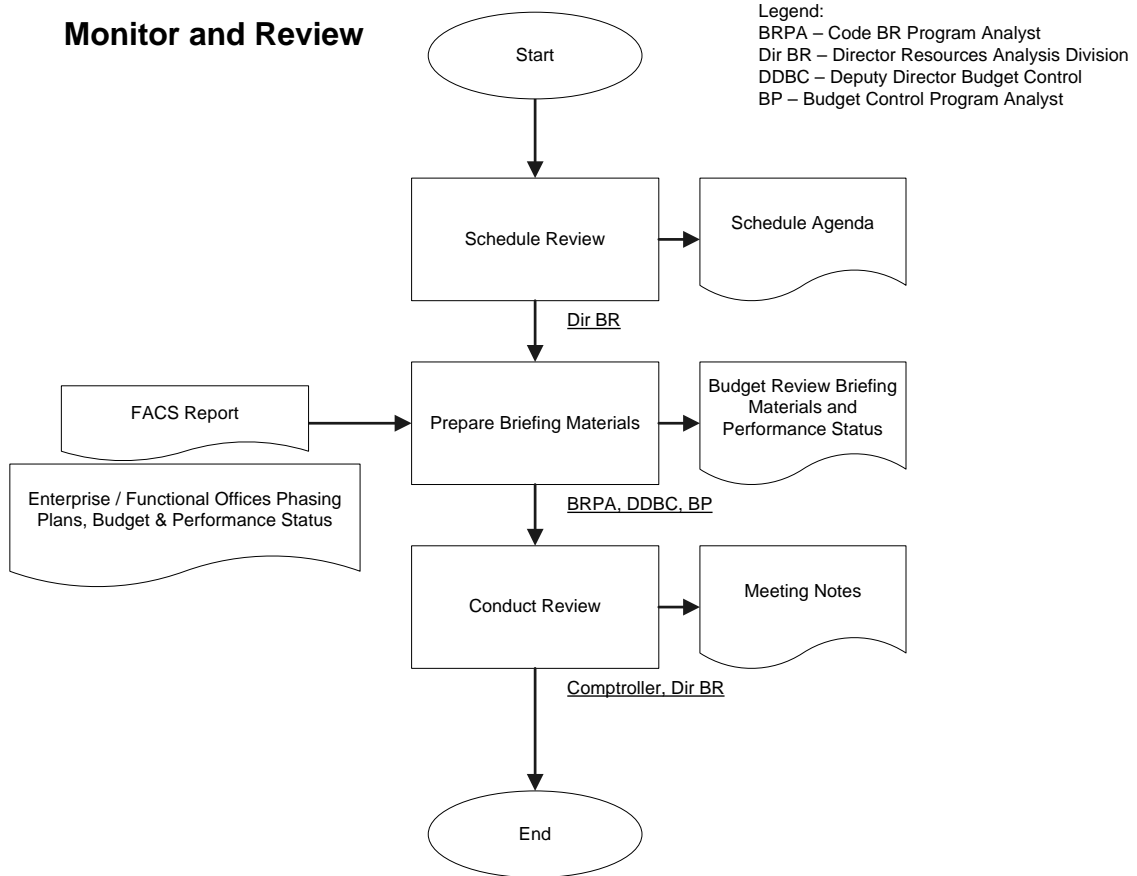
## Implement Internal Operating Plan

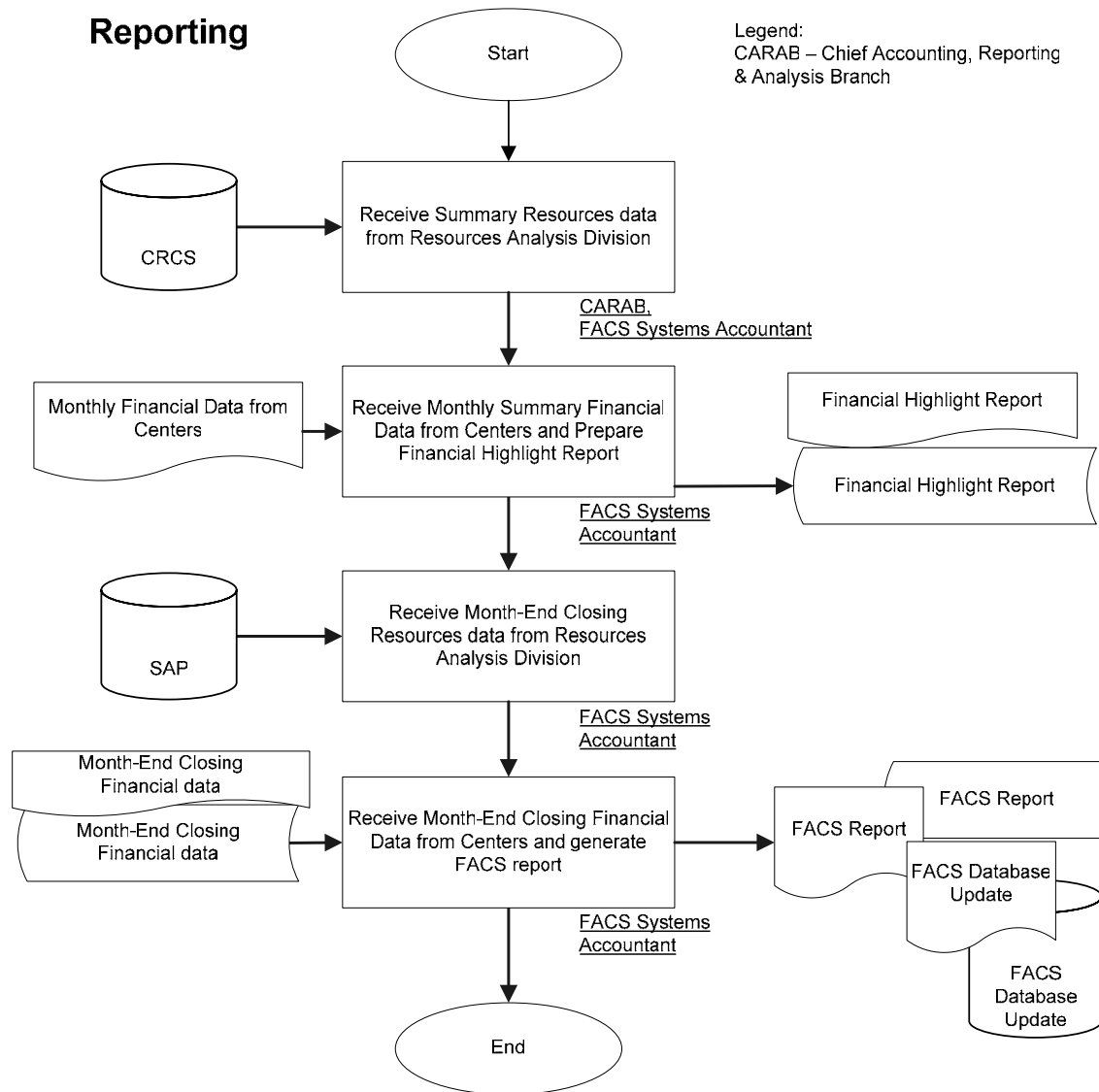


# Continuing Resolution or Shutdown Execution

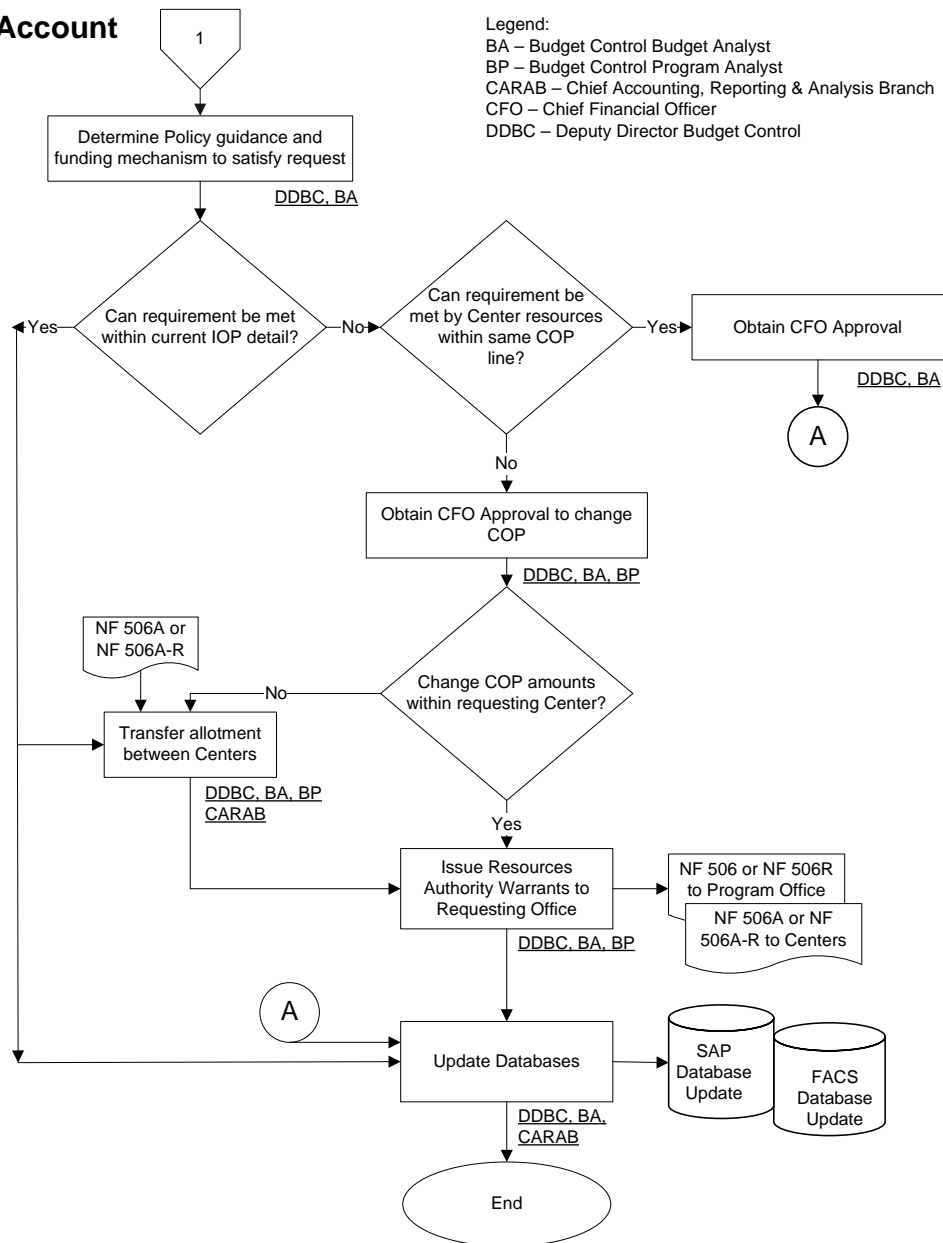


## Monitor and Review





## Expired Account





**Closed Account**